

MAY 25, 2005

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LB 761A

SENATOR CUDABACK PRESIDING

SENATOR CUDABACK: Good morning. Welcome to the George W. Norris Legislative Chamber. Our acting chaplain this morning is Senator Kruse. Senator Kruse, please.

SENATOR KRUSE: (Prayer offered.)

SENATOR CUDABACK: Thank you, Senator Kruse, very much for doing that. Senator Kruse represents the 15th District...I'll get it right, 13th District. I call the eighty-fifth day of the Ninety-Ninth Legislature, First Session, to order. Senators, please check in. Record please, Mr. Clerk.

CLERK: I have a quorum present, Mr. President.

SENATOR CUDABACK: Are there any corrections for the Journal?

CLERK: No corrections, Mr. President.

SENATOR CUDABACK: Messages, reports, or announcements?

CLERK: Mr. President, I have neither messages, reports, nor announcements at this time.

SENATOR CUDABACK: Thank you, Mr. Clerk. We now go to first agenda item, General File, appropriations bill. Mr. Clerk, LB 761A.

CLERK: LB 761A, a bill by Senator Thompson. (Read title.)

SENATOR CUDABACK: Senator Thompson, you're recognized to open on LB 761A.

SENATOR THOMPSON: Thank you, Mr. Speaker. This is a result of the bill yesterday, which added two members to the State Foster Care Review Board, estimating costs of around \$550 per person, should they put in for reimbursement, depending upon where they live in the state. Sometimes people do, sometimes people don't. Sometimes people are from Lincoln and don't. But we need to, in our agency budgets, make sure that we're treating people

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from...no matter where they live, with the ability to attend the meetings. And so this is a very small A bill to take care of the travel expenses of those who...two new members. Thank you.

SENATOR CUDABACK: Thank you, Senator Thompson. You've heard the opening on LB 761A. Open for discussion on that motion. Senator Thompson, there are no lights on. Senator Thompson waives closing. The question before the body is adoption of LB 761A. All in favor vote aye; all those opposed, nay. We're voting on advancement of LB 761A. Have you all voted on the question who care to? Record please, Mr. Clerk.

CLERK: 27 ayes, 0 nays, Mr. President, on the advancement of LB 761A.

SENATOR CUDABACK: LB 761A advances. (Visitors introduced.) We now go to next agenda item, Select File, appropriation bill, LB 28A, Mr. Clerk.

CLERK: Mr. President, LB 28A on Select File. No Enrollment and Review. Senator Connealy would move to amend with FA301. (Legislative Journal page 1715.)

SENATOR CUDABACK: Senator Connealy, to open on your amendment.

SENATOR CONNEALY: Thank you, Mr. President, members. Because of the changes we had in LB 28 on Select File, we reduced the cost. We took away the promotion fee. So we reduced the A bill from \$332,000 to just \$82,000, which is mostly computer programming. I ask for the advancement of the amendment.

SENATOR CUDABACK: Thank you, Senator Connealy. You've heard the opening on FA301 by Senator Connealy to LB 28A. Open for discussion. Senator Connealy, there are no lights on. Senator Connealy waives closing. The question before the body is adoption of FA301 to LB 28A. All in favor vote aye; opposed, nay. We're voting on the adoption of the Connealy amendment to the A bill to LB 28. Have you all voted who care to? Record please, Mr. Clerk.

CLERK: 29 ayes, 0 nays, Mr. President, on the adoption of

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Senator Connealy's amendment.

SENATOR CUDABACK: The Connealy amendment has been adopted.

CLERK: I have nothing further on the bill, Mr. President.

SENATOR CUDABACK: Senator Flood, for a motion, please.

SENATOR FLOOD: Mr. President, I move the advancement of LB 28A to E & R for engrossing.

SENATOR CUDABACK: You've heard the motion. Open for discussion. Senator Chambers.

SENATOR CHAMBERS: Mr. President, members of the Legislature, I don't like the underlying bill. But this is one of those instances where the underlying bill, having moved, this one ought to move with it, so that you have the entire package together. I'm going to quote from a song; I'm not going to sing it. It said, Patches, I'm depending on you, son. That's my nickname today for Governor Heineman. Governor Patches, I'm depending on you, son, to veto this bill. Thank you, Mr. President.

SENATOR CUDABACK: Further discussion on the advancement of LB 28A? Seeing none, the motion before the body is advancement of LB 28A. All in favor say aye. All opposed, nay. LB 28A does advance. Mr. Clerk, LB 126A.

CLERK: LB 126A, Mr. President. No E & R. Senator Heidemann would move to amend, AM1719. (Legislative Journal page 1748.)

SENATOR CUDABACK: Senator Heidemann, to open on your motion, AM1719.

SENATOR HEIDEMANN: Senator Cudaback, fellow members, I come to you today before with an amendment. What this amendment would do, on page 2, line 1, strike "\$650,000" and insert "\$450,000." I had some good meetings with Senator Raikes and his staff yesterday. We talked about this a lot, and we come up with, I would call, a compromise, a happy medium. And we was able to

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reach agreement. How we did this, what I was trying yesterday is get the schools to go back to what they would normally receive under REAP. What we agreed on was that a percentage from what they would have got, to make sure they didn't receive more than they normally would, this ending up to be 25 percent less than what we had give them. So what we did, we took 25 percent less of the \$650,000, and that was approximately the \$450,000, which is what I am offering you right now. It's maybe not exactly where I would like to be at. But like I said, we reached a compromise. I'm not going to talk a lot about this. We learned yesterday more about the REAP program than we probably would like. But I ask your support on this. It is a compromise. And I advance...ask for a yea vote on my amendment. Thank you.

SENATOR CUDABACK: Thank you, Senator Heidemann. You've heard the opening on AM1719. Open for discussion. Senator Raikes, followed by Senator Don Pederson.

SENATOR RAIKES: Thank you, Mr. President, members of the Legislature. Senator Heidemann was quite correct in describing that we had a conversation yesterday in which we talked about REAP funding, and the replacement REAP funding, which is really what we're talking about. I appreciate his interest in this. He has gone into it in great depth, and I think he's trying to come up with the...with a solution, if you will, that is..that he is comfortable with. And I have absolutely no problem with that. I will tell you this, that my position is that I have agreed to support the request as it is, and I continue to do that. I think it is appropriate at the \$650,000, so that's what I'm going to support. And I won't vote for this amendment. I would urge you to listen to the conversation. I think those...there are folks in here who know well the schools that would be impacted, and I think they can present the case perhaps better than I can as to the need for this funding. And hopefully, once we...once you hear that information, you can come to a conclusion. But again, I am going to stick with the agreement that I made, in the sense of, this is money that accommodates the transition. These are schools that would lose REAP money altogether. And so, for the three-year period, my recommendation is that \$650,000 be the amount appropriated.

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Now, I will remind you that the \$650,000, as we discussed yesterday, is a cap. If the Appropriations Committee recommended to the Legislature, and the Legislature agreed, that something less than \$650,000 would be appropriate, that is well within play, if you will, even if this amendment is not adopted. But again, I do very much appreciate Senator Heidemann's interest in this issue and his willingness to examine the amounts of money. Again, I...my position is that I'm going to stick with the agreement I made with the folks involved, so I won't support the amendment. But I do urge you to listen to the conversation. Thank you.

SENATOR CUDABACK: Thank you, Senator Raikes. Further discussion on the Heidemann amendment. Senator Don Pederson.

SENATOR D. PEDERSON: Thank you, Mr. President, members of the Legislature. When we talked about this the other day, we were discussing the fact, the \$650,000 was sort of an estimate. It was a cap on what it would be. And I'm certain that Senator Raikes is staying with that because of the various agreements that have been made leading to LB 126. But as far as I'm concerned, speaking in my position as Chair of the Appropriations Committee, I think it's worthwhile to endorse the amendment of Senator Heidemann. And you know, candidly, if we reach a point where that isn't the correct amount of money and it does require some more money, there is always the opportunity to approach this for a deficit. But in the meantime, I think that...I appreciate the work that Senator Heidemann has done to try to narrow the focus of this. And I think, in a sense, we're sort of guessing anyway at the total number of dollars. But I would suggest that we advance the amendment that Senator Heidemann has proposed. Thank you.

SENATOR CUDABACK: Thank you, Senator Don Pederson. Senator Fischer, followed by Senator McDonald.

SENATOR FISCHER: Thank you, Mr. President and members. I do not support Senator Heidemann's amendment, AM1719. I support the original agreement that was agreed to on this issue. There are five school districts that would receive the cap of \$650,000. Those five districts are Class VI districts that,

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when they become Class IIIs, they will have over 600 students, and therefore will no longer qualify for the federal money that comes to those districts through the REAP grants. Currently, under a Class I/Class VI system, the Class VI, the high school district, but more importantly, those Class I's, have received the REAP grants in the past. The \$650...or, \$600...excuse me...(laugh) help me out here. Thank you, \$650,000 figure, I think is appropriate for those five districts, considering what they're going to lose. That money will carry forward only a few years. And after that point, since those districts will have over 600 pupils in them, K-12, they no longer will qualify. The other districts that are being assimilated and becoming K-12 districts, because they have fewer than 600 students, they will qualify for those REAP grants. That's why these five schools, these five school districts, have been singled out and will receive the money. So I agree with Senator Raikes, and I agree with him in opposition to Senator Heidemann's amendment. Thank you, Mr. Chairman.

SENATOR CUDABACK: Thank you, Senator Fischer. Senator McDonald, followed by Senator Kremer.

SENATOR McDONALD: Mr. President, members of the body, I also oppose LB...or, AM1719, by Senator Heidemann. We fought long and hard for a compromise, a compromise that we felt was good for all schools. And as you look at the schools that would be losing the majority of the REAP grants, are these schools that we're appropriating additional funds to. So why would we want to take those funds away from them? We're hurting them by the consolidation bill of LB 126. We're allowing them the REAP funds, and now we want to take those away from them. We certainly cannot do that. We have to maintain the compromise. We have to fund those schools that are going to be hurt by LB 126, losing their REAP grants, and we need to fund it at a comparable rate. And that's what the original A bill does. Thank you.

SENATOR CUDABACK: Thank you, Senator McDonald. Senator Kremer.

SENATOR KREMER: Thank you, Mr. President, members of the body. I, too, will oppose the amendment. I have not been very

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involved in the discussion with the Class I schools, since I have hardly any in my district. The main one is the Grand Island Northwest and the feeder schools, which are four schools that are very large Class I schools. They, at the present time, work together. I think their boards meet regularly, maybe every month or every other month. But they have not been really fighting the LB 126, other than, they had some concerns on protecting buildings and some things like that. But I do know that they qualify for REAP money, and that's going to go away with the new adoption of LB 126. So I think it's appropriate that for these three years--it's not forever, but it's only for three years--that they would be able to get this money that would replace what they would lose in REAP money. So with that, I will oppose the amendment. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Kremer. Senator Burling.

SENATOR BURLING: Thank you, Mr. President and members of the body. I want to thank all of those who worked so hard on LB 126, on both sides of the issue, to come up with the bill that we advanced the other day. I stand, too, in opposition of AM1719, echo what those before me have said. I'm in a unique position of having two of the Class VI school districts in my legislative district that are benefiting from REAP funds and will benefit from this. And I voted to advance LB 126 the other day, with the understanding that these funds would be available. And so I will be opposing this amendment, in an effort to keep those funds coming for the next three years to those districts that we're addressing. So, thank you very much.

SENATOR CUDABACK: Thank you, Senator Burling. Senator Heidemann, yours is the last light. You may either speak to the issue, or you may close. Senator Heidemann, you may either speak to the issue, or you may close. You say which.

SENATOR HEIDEMANN: I'll just close real briefly. I understand the concern, what this is going to do. I understand why some senators had to stand up and speak in opposition. But the bottom line is, we are still appropriating money to help in the transition because of LB 126. I'm not out here to hurt anybody.

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This is not out to get anybody. This is...understanding the REAP formula, I come to the conclusion that we was going above and beyond. And that's all I'm trying to do, take it from \$650,000 to \$450,000, get it back a little closer to reality. Actually, this is still above the REAP formula. All this will do is guarantee that none of the schools that are going to qualify for this money will get more than they normally would. And I just ask your support. Like I said, it's not out to hurt anybody. We're still there to help in the transition. With that, I ask for your support of AM1719, amendment to LB 126. Thank you.

SENATOR CUDABACK: You've heard the closing on AM1719. Question before the body is, shall that amendment be adopted? All in favor...Senator Heidemann, for what purpose do you...?

SENATOR HEIDEMANN: I'd like a call of the house.

SENATOR CUDABACK: Been a request for a call of the house. All in favor of the house going under call vote aye; those opposed, nay. Record please, Mr. Clerk.

CLERK: 23 ayes, 1 nay, Mr. President, to place the house under call.

SENATOR CUDABACK: The motion was successful. The house is under call. All unauthorized personnel please leave the floor. Unexcused senators report to the Chamber. The house is under call. Senator Jensen, please. Senator Don Pederson, Senator Schrock, Senator Schimek, Senator Landis, Senator Price, Senator Howard, Senator Synowiecki. Senator Chambers, please. Thank you. Senator Thompson, please. Thank you. And Senator Kruse. The house is under call. Senator Synowiecki, Senator Howard, and Senator Kruse, please report to the Chamber, please. Senator Howard. Senator Howard, the house is under call. Please check in. All members are present or accounted for. The question before the body is adoption of the Heidemann amendment, AM1719, to LB 126A. All in favor of the motion vote aye; all those opposed vote nay. The question before the body is the Heidemann amendment, AM1719. Have you all voted who care to? Have you all voted who care to? Record please, Mr. Clerk.

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CLERK: 13 ayes, 23 nays, Mr. President, on the amendment.

SENATOR CUDABACK: The amendment was not adopted.

CLERK: I have nothing further on the bill, Mr. President.

SENATOR CUDABACK: Senator Flood, for a motion, please.

SENATOR FLOOD: Mr. President, I move the advancement of LB 126A to E & R for engrossing.

SENATOR CUDABACK: You've heard the motion to advance LB 126A to E & R for engrossing. All in favor say aye. Discussion? All those opposed say nay. The ayes have it. It is advanced. We now go to Final Reading. Members, please take your seat, please. Bills with an asterisk will require 30 votes to suspend the at-large reading. Mr. Clerk.

CLERK: Mr. President, Senator Beutler would move to return LB 312 to Select File for specific amendment, AM1723. (Legislative Journal page 1748.)

SENATOR CUDABACK: Senator Beutler, to open.

SENATOR BEUTLER: Senator Cudaback, members of the Legislature, the last couple of nights, I've been doing the same thing you've been doing, in trying to figure out how the appropriations package, along with all of the revenue decreases represented by LB 312 and other bills, and all of the floor amendments that represent spending increases, how all of those things fit together, not only in the next two years, but on down the line, in the third and the fourth year. And I am of the opinion, and very strongly of the opinion, that the \$235 million hole that we're in at the end of four years is not a place that we need to be right now. It's not a place that we have to be. We can mitigate that deficit, which is very serious, with, in part, this amendment. All the amendment does is to delay for two years the repeal of the sales tax on manufacturing equipment. The effect of that, if you look at your green sheet, on the fourth year out, is to reduce the \$236 million deficit to about

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\$203 million. But secondly, and more importantly, it will give you the next two legislative sessions to decide whether you really want to go ahead with the permanent and total repeal of this particular tax. It may be that the unlikely will occur, that after a seven-point-something and an eight-point-something percent increase in our budget for the last two years, that we will have something good again. More likely, though, the average will settle down to closer to the projections that we have. And under our current projections, even with this amendment, you will be \$203 million short, four years from now. But with this amendment, you will have the opportunity next session and the session after that to think about that next budget. Two years from now, you'll have that next budget before you, and you can think about whether you want to continue with that manufacturing with the law going into effect to exempt manufacturing equipment, or whether you need to draw back on that in order to provide stability in government and financing to those other aspects of economic development, such as the university and the education system, that will be hurt in the future if you cannot otherwise come up with funding. It is also true, in my opinion, that the deficit that's four years out is not just \$235 million, under what we've currently done, because \$7.5 million a year for the next two years, you fund it out of the Cash Reserve Fund job training. The Governor and the Department of Economic Development has indicated they intend to use all that money, and they intend that it is an ongoing program. And we had the debate, and decided, whether or not it was a good idea, to fund an ongoing investment out of the Cash Reserve Fund. And I would continue to argue that that is a misrepresentation of what is intended. But the fact of the matter is, if you think that the \$7.5 million a year you put in the budget for job training is going to be a continuing expense beyond the next two years, then you need to add another \$15 million to that \$235 million out there in the future, which is the deficit that we face. And the true deficit in that circumstance would be more like \$250 million. Understand, to whack down that \$250 million, you can whack it down by \$100 million, or thereabouts, if you take out of the law the current provision in the law that drops the property tax from \$1.05 to \$1.00 in school districts. But you can see part of the price you're paying. You're saying that in order to get a

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little bit extra of business incentives here, we're going to do away with that promised tax relief that we had put in a few years ago, and that we've never followed up with and finished. But even if you did forget about the property tax relief that had been promised, and repealed that, and it went back up to \$1.05, you're still \$150 million short, four years out. Now, you can squeeze cash funds a little bit. Maybe you get it down to \$120 million or \$110 million. But you've still got a big gap there. And the only way that gap gets filled is if there is an unexpected rush of revenues, which becomes more unlikely, or if you cut spending in one or another of the main areas of a budget. And again, I worry most about the university in that instance. Or you will end up raising taxes somewhere else in order to make up the deficit. But it seems to me that all of those options, it would be better if you kept all of those options in front of you, instead of making commitments now to essentially spend all the money and obligate yourself, in the hazy world of four years out, to deal with whatever crisis is there with the tools that are available. It seems to me that it makes more sense, represents steadier government, to make a more conservative decision and to bring that future closer to you before you irretrievably make a decision to eliminate a tax that you might need to help fund you through that fourth year out. Without doing this, not only are you giving up that property tax relief to the farmer and the average taxpayer, but you're endangering the farmer and the average taxpayer with the possibility of other types of revenue increases on them, in order to make up for the funds that you're missing. Let me also mention the fact that in these good years, when the revenue flows are terrific, one of the things that we should be doing is building up the Cash Reserve Fund. And you know, under the budget, the way we have it now, the '05-06 Cash Reserve Fund is lower than the one four years out. So in that period of time, under current projections, instead of building the Cash Reserve Fund up to two or three times what it currently is, which is where you need to be to survive the next downturn without severe cuts or taxation or both, we're not doing that. We're letting the Cash Reserve Fund flatten out, and in fact decrease from what it will be...

SENATOR CUDABACK: One minute.

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SENATOR BEUTLER: ...in '05-06. So again, maybe that ought to be taken into consideration, in terms of your revenue flows right now and what you're willing to commit to right now. Finally, let me simply suggest this. I think that the business incentives portion of this bill is the most important. Without an exemption for manufacturing equipment, the incentives we put in place last time and which took us through the nineties were tremendously effective. There's no reason why they couldn't be tremendously effective without doing anything to the sales tax on manufacturing equipment again. In terms of bringing business to Nebraska, I think the individual incentives directed towards individual businesses are far and away the most effective.

SENATOR CUDABACK: Time, Senator Beutler.

SENATOR BEUTLER: Thank you.

SENATOR CUDABACK: You've heard the opening on the motion to return LB 312 to Select File for a specific amendment. Open for discussion. Senator Raikes, followed by...I mean, Senator Baker, rather, followed by Senator Raikes. Senator Baker.

SENATOR BAKER: Thank you, Mr. President, members. I sure wanted to be ahead of Senator Raikes. I have to be opposed to this motion to return to Select File. This is a big part of what the package is. And this deals with the business climate in the state of Nebraska. I have to remind you once again that Nebraska is one of, I think, a half a dozen states that taxes...puts sales tax on manufacturing and business equipment. And we also have personal property tax on top of that. It gives us a distinct competitive disadvantage when we're trying to recruit businesses to the state of Nebraska. And to delay this two years to implement this I think would be wrong. I think you're going to see an immediate response to this by increased location, expansion of jobs in Nebraska, because of this particular part of the LB 312 package. It has minimal impact the first fiscal year, because obviously, it does not take effect till January 1 of 2006. And I have to agree with Senator Beutler in a lot of what he said. We...and he...I think Senator Beutler is in the same group that I am, that's term-limited out

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after next session. I don't want to leave the state's finances in a state of turmoil. But we need to address the business climate of the state of Nebraska. And this is one area that I think it's very important that we do this. He mentions job credits. That was a debate, obviously took a while on the floor. We put \$7.5 million per year in that out of the Cash Reserve Fund, as I recall, for two years. I don't know whether that will continue or not. But those of you remaining after we are gone, our group of 20, are going to have to determine that. But it's not an obligation; it's open-ended. So I understand a lot of what Senator Beutler is saying. But I also believe the bigger picture is, we need to address business climate in the state of Nebraska, and this is one of the means that we chose in the Revenue Committee. And this section of the LB 312 package was LB 695, was my priority bill. I felt very strongly about this, and I still do, that double taxation is a tremendous burden to...when you try and promote or recruit a business to come to Nebraska, and we're one of only a few states that do this. So I'd be glad to listen to the other people's statements. But I think it's very important we continue down the path we've chose on this particular part of the package. And I will continue to oppose the motion to return to Select File for Senator Beutler's amendment. Thank you.

SENATOR CUDABACK: Thank you, Senator Baker. Senator Raikes, you're now recognized.

SENATOR RAIKES: Thank you, Mr. President, members of the Legislature. I can only assume that Senator Baker wanted to go ahead of me so that I could correct all the errors and misstatements that he made in follow-up comments. This is a softer approach to this issue being proposed by Senator Beutler than what I did. You may remember that I offered an amendment to strike this section from the bill on Select File. And I don't want to talk about how many green votes there were. But at any rate, I think it's a very serious issue. This is a trade-off that you have to work with. And I readily admit that economic development in the state is an important priority that people in the Legislature need to keep an eye on. But also, a fair an equitable tax base, and one that persists, and one that is appropriate, is an equally, if not more important thing for

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you to keep track of. This goes, in my opinion...and this is a question or decision that you all have to make, maybe already have made, that in my view, we're going way too much in the direction of sacrificing tax base, which has to support everything. And by the way, I believe in public K-12 education. I believe in public higher education, I believe we need a prison system, a correctional services in the state, I believe we need a social safety net, all of those things, as I think you do. But we have to have a tax base to support those things. And if it isn't fair and equitable, it simply won't work, over time. This particular provision is something that we don't need to do right now, I am convinced. And I will add one other point. The two-year part, I think...well, I did make comments on the floor that I would be exempt from sales tax on my back hoe. Well, what was pointed out to me is that we don't know for sure whether or not that's the case. I may not be; I may not be. Is it manufacturing equipment, or isn't it manufacturing equipment? What exactly is manufacturing equipment? Apparently includes some transportation but not other transportation. And this is in spite of some very diligent and effective work by the legal counsel of the Revenue Committee. It's simply very hard to figure these things out. I think there would be no problem with delaying this for two years and reconsidering it. I would urge the support of Senator Beutler's motion. Thank you.

SENATOR CUDABACK: Thank you, Senator Raikes. Senator Beutler, there are no further lights on. You're recognized to close on your motion to return.

SENATOR BEUTLER: Senator Cudaback, members of the Legislature, again, just to remind you what the amendment does. It puts the sales tax exemption in place, but it puts it in place commencing January 1, 2008, instead of right away, January 1, 2006. Again, I hope you will take to heart the conservative approach that I'm outlining to you, that your first responsibility is to have the money in hand to support the state budget, without raising taxes, hopefully. Almost always, hopefully. And you...there is no way you can be sure that you won't have to raise taxes or even have a reasonable probability that you won't have to raise taxes with the current deficit of \$250 million you have four

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years out. And in fact, I don't think there is any way humanly possible that you will not raise property taxes back up from \$1.00 to \$1.05, just to get rid of \$100 million of that \$250 million. So you're going to raise the property taxes on all citizens in order to do that which we are doing today, under current projections. So that's at least one tax you're going to have to raise. Then, beyond that, you're going to have to raise another tax on some category of taxpayers, or you're going to have to make significant cuts. That's the second most likely possibility. The third possibility is that you will luck out, and instead of 4.2 percent revenue growth, you'll get something up in...at 5 or higher. But I don't think you should be relying on luck, especially on luck that's more likely not to happen than to happen, and that very little is lost if you put the sales tax exemption in place, but put it in place two years from now, so that you have a couple of sessions to consider whether you want to go through with that decision permanently. There is nothing more to the amendment. If you attach the amendment, there's still plenty of time for the bill to pass. That's no concern. But I hope that you are in a more realistic mood at this point in time, and will consider this amendment. Thank you.

SENATOR CUDABACK: Thank you, Senator Beutler. You've heard the closing on the motion to return LB 312 to Select File for a specific amendment. All in favor of the motion vote aye; all those opposed, nay. The question before the body is to return to Select File for a specific amendment. Have you all voted on the motion to return who care to? Senator Beutler, what purpose do you...?

SENATOR BEUTLER: Just a call of the house and a roll call vote.

SENATOR CUDABACK: Senator Beutler, we are on Final Reading. Senator Beutler wishes that all would check in. Please check in. Members, please record your presence. Senator Heidemann, Senator Flood, Senator Landis, Senator Schimek. All members are present or accounted for. Mr. Clerk, please call the roll on the question.

CLERK: (Roll call vote taken, Legislative Journal page 1748.)

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LB 90, 312, 312A

8 ayes, 36 nays, Mr. President.

SENATOR CUDABACK: The motion was not successful. LB 312 was not returned. The first vote will be to suspend the at-large reading. All members vote aye; all those opposed...nay, who oppose. We're voting on suspending the at-large reading. Record please, Mr. Clerk.

CLERK: 35 ayes, 6 nays, Mr. President, to dispense with the at-large reading.

SENATOR CUDABACK: The at-large reading is suspended with. Mr. Clerk, please read the title of LB 312.

CLERK: (Read title of LB 312.)

SENATOR CUDABACK: All provisions of law relative to procedure having been complied with, the question is, shall LB 312 pass? All in favor of the motion vote aye; all those opposed vote nay. Record please, Mr. Clerk.

CLERK: (Record vote read, Legislative Journal page 1749.) 45 ayes, 3 nays, 1 excused and not voting, Mr. President.

SENATOR CUDABACK: LB 312 passes. Mr. Clerk, LB 312A.

CLERK: (Read LB 312A on Final Reading.)

SENATOR CUDABACK: All provisions of law relative to procedure having been complied with, the question is, shall LB 312A pass? All in favor vote aye; all those opposed, nay. Have you all voted who care to? Record please, Mr. Clerk.

CLERK: (Record vote read, Legislative Journal page 1750.) 46 ayes, 1 nay, 1 present not voting, 1 excused and not voting, Mr. President.

SENATOR CUDABACK: LB 312A passes. Mr. Clerk, LB 90E. The first vote will be to dispense with the at-large reading. All in favor vote aye; all those opposed, nay. Record please, Mr. Clerk.

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LB 90A, 90

CLERK: 36 ayes, 5 nays, Mr. President, to dispense with the at-large reading.

SENATOR CUDABACK: The motion was successful. The at-large reading is dispensed with. Mr. Clerk, please read the title of LB 90E.

CLERK: (Read title of LB 90.)

SENATOR CUDABACK: All provisions of law relative to procedure having been complied with, the question is, shall LB 90E pass with the emergency clause attached? All in favor vote aye; all those opposed, nay. Record please, Mr. Clerk.

CLERK: (Record vote read, Legislative Journal page 1751.) 46 ayes, 2 nays, 1 excused and not voting, Mr. President.

SENATOR CUDABACK: LB 90E passes with the emergency clause attached. Mr. Clerk, the final bill, LB 90AE.

CLERK: Senator Chambers would move to return the bill for purposes of striking the enacting clause.

SENATOR CUDABACK: Senator Chambers, you're recognized to open on your motion.

SENATOR CHAMBERS: Yes, Mr. President, members of the Legislature, I had said that I was going to offer on this bill an amendment that I had proposed a couple of times earlier which would have put more money in a program which I call the Doug Cunningham program. I thought about it, and I thought, and I couldn't arrive at a conclusion. So then I put on my thinking cap and I thought, and I thought, and I thought some more, and I had a conversation with a couple of people and decided that it is not my responsibility to look out for the interests of "rural folk" when more than a dozen senators occupy this Chamber whose direct responsibility that is. So if any one or group of them had wanted to try to put some more money into this program, any one or group could have offered such an amendment. That not having been done, I decided to just leave well enough alone.

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And since I'm not going to take this to a vote, obviously, I want to use the time to comment on an article that I passed around, because there is a seething going on within my members. I cannot rest without saying something publicly to distance the Legislature from an asinine, repulsive, egregious, disgusting, immoral, inexcusable, even unacceptable position taken by Nebraska Attorney General Jon Bruning. When Robert Spire was the Attorney General of this state, he brought a quiet dignity to the office, impeccable manners and legal scholarship. His integrity was beyond reproach. There was a feeling of confidence in this man's integrity, honesty, and professionalism, even when he took a position with which one might disagree strongly. Unfortunately, that office has fallen on bad days. It is occupied by one who is rambunctious, shortsighted, lacking in professionalism and personal integrity. A mother's child who was nine years old was placed by the state in foster care. That child, along with others, allegedly was sexually abused by a man facing 22 criminal charges, among which are first-degree sexual assault and manufacturing of child pornography. When Attorney General Bruning put on his campaign hat, he said, protecting children is my top priority, and he said it after pointing out that this scoundrel had paid as much as \$2,000 to children to participate in the making of child pornography. He had the nerve to say that such conduct made one sick to one's stomach; that it was indeed sickening. What Attorney General Jon Bruning argued in this case is more sickening and stomach turning to me than the conduct of the reprobate which he was condemning. Obviously, that man has some serious problems, and he is due some serious punishment at the hands of the law. Attorney General Jon Bruning is trained in the law. He holds a law degree; is a member in good standing with the Nebraska State Bar Association. He is licensed to argue before the U.S. Supreme Court, which he has done on behalf of water and other things. But when it comes to a child having been sexually assaulted in the home of a person, which home had been designated by the state as a place where vulnerable, perhaps even abused children would be placed in order that they might have a chance in life, Attorney General Jon Bruning said that if the child was sexually assaulted the mother was partly to blame because, had she done her job, the state would not have placed the child at the disposal of this sexual predator. So

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the predator cannot be held completely responsible for his predation. This man Bruning, who pontificates on occasion about the need for people to assume and accept responsibility for their wrongful conduct, is trying to take away some of the responsibility from this perpetrator for what he did by transferring it to the mother, as if having a child taken out of her possession and control is not in itself a punishment. He piles on and heaps on while hypocritically saying that his primary interest, his top priority is protecting children. If I were a man at this stage in my life who used the language when I was much younger, much, much younger, that I hear many adults and young people using today, even on television, my remarks would not be printable in the newspaper, they would not be appropriate for articulation on the floor of this Legislature. So I will not use such language. It is not a part of my active vocabulary. But if it were, I would have been using it in some forum to describe my reaction to what Attorney General Jon Bruning has done. We know, those of us trained in the law, that practically anything can be put in a document filed with a court in the course of a proceeding, but just because some things can be articulated does not mean they should. If there was any dignity attached to his office, it has been stripped away. That word which the Old Testament used, and became the name of a main character in one of Washington Irving's stories--Ichabod--is what I would apply to the Attorney General's Office. Because you know what that word "Ichabod" means, based on the Old Testament? The glory has departed. And that is what has happened. And I am thinking of putting together a resolution, whether my colleagues would agree to it or not, to distance the Legislature from his position, because he is the state's lawyer and it should be clear that he is not speaking...

SENATOR CUDABACK: One minute.

SENATOR CHAMBERS: ...for everybody in this Legislature when he wants to blame the mother of this child for the sexual assault that the child experienced, and then blithely say, well, you got to argue everything, you got to argue that. You don't have to argue everything. My light is on and I'll wrap it up the next time I speak. Thank you, Mr. President.

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SENATOR CUDABACK: You may continue, Senator Chambers, followed by Senators Howard and Schimek.

SENATOR CHAMBERS: Mr. President, Senator Foley will remember when former Senator Jon Bruning sat next to him, and Senator Bruning flew up to the floor when I was making condemnatory remarks about Catholic priests and Archbishop Curtiss with reference to the abuse of little boys by Catholic priests. And Jon Bruning came up here and joined me in condemning the priests in Nebraska that I was condemning, and said, and if Curtiss has something to do with it, he ought to go too. And Senator Foley stood up and mentioned on the mike how upset he was, and if Jon Bruning wanted support he should not be talking like that; he ought to get his facts straight, and on and on. So Senator Foley knows how irresponsible, in his opinion, Jon Bruning can be. This is worse than that. The Archbishop is a grown man and can speak for himself. The priest is a grown man and can speak for himself. By the way, he's been removed from ministering, I found out the other day, so that's another one of those I-told-you-so things. Here we have a nine-year-old child, a devastated mother, and Jon Bruning considers them to be targets that he can deal with. He won't deal with Hergert. There are other matters he won't deal with, but an abused child and a devastated mother are the targets of your Attorney General, and people sit in silence. When I'm gone from this Legislature, think of all the matters that won't be discussed on this floor anymore, the issues that everybody can turn away from, the wrongful conduct which people can pretend never happened. But while I am here, I will speak, I will be heard, and I will condemn these men, and if a woman does it, in these positions of power and authority, who abuse that authority, who bring shame on the office. And that's what Jon Bruning has done. He has brought shame to the Office of Attorney General. He has brought shame to himself, and he ought to be ashamed. I am so disgusted I feel like talking on every bill that we have on the agenda today about this matter to stir the pure hearts of my colleagues. Obviously, I cannot put into anybody's head what is in mine. I cannot make anybody experience in their emotions what I am experiencing in mine. But having the opportunity to speak as an elected official, I'm not going to let it go by. The example that I gave to try to make the point is if an inmate

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is brutally beaten, Bruning would argue, well, if he hadn't gone to prison in the first place that wouldn't have happened, so he's "contributorily" negligent; he shouldn't have been here. Can you imagine? That is the official position that your state has taken before a court in a written, signed document filed with the court, and it will be there as long as...

SENATOR CUDABACK: One minute.

SENATOR CHAMBERS: ...the court itself stands. And shall it go unchallenged? All that is needed for evil to triumph is that good people say nothing. I have never portrayed myself as a righteous or a holy man, but I'm not going to be one of those who will stand silent in the presence of evil and facilitate its triumph. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Chambers.

SENATOR CHAMBERS: Thank...

SENATOR CUDABACK: Before...

SENATOR CHAMBERS: ...thank you my colleagues and friends all.

SENATOR CUDABACK: Thank you, Senator Chambers. (Visitors introduced.) On with discussion. Senator Howard, followed by Senator Schimek.

SENATOR HOWARD: Thank you, Mr. President and members of the body. I cannot sit by in silence on this matter. I will attempt to be brief and articulate. The role of the Department of the Health and Human Services is safety, protection, and permanence. I would risk it to say that the parent in this case had litter...little or no say regarding the placement of her child in foster care or regarding the family the child was placed with. I would ask you, where were the fail-safe systems for this little boy? Where was the CASA? Where were the courts? Where was the designated review system? There have been far too many failures and far too many losses. To blame the parent for the failure of the system is to once again shift responsibility. Thank you, and I return the remainder of my

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time.

SENATOR CUDABACK: Thank you, Senator Howard. Senator Schimek.

SENATOR SCHIMEK: Yes, thank you, Mr. President and members. I rise to share Senator Chambers' concern over this matter. I, too, am outraged. I think the Attorney General has set the law on its side. I can't understand Attorney General...an Attorney General trained in law and holding a high office in this state approaching this matter in this fashion. I see on television, from time to time, ads that the Attorney General runs, telling about how he cares about children, he wants to protect them from computers and from people who use computers in a bad method or in a bad way. That's in the abstract. This is concrete. I don't see the follow-through that I see in those television ads. Senator Chambers, thank you for bringing this to our attention.

SENATOR CUDABACK: Thank you, Senator Schimek. Senator Chambers, there are no further lights on. You're recognized to close.

SENATOR CHAMBERS: Just this final comment. The Attorney General could not stop this from happening. I'm not saying that. After it happened, remember, it was in his bailiwick. That's where he made his statements and he ought not to have done it. Do I expect Jon Bruning to admit that he was wrong? Certainly not, because he's always campaigning. He's in the perpetual campaigning mode. I've had many discussions with the Attorney General on many issues. He cannot continue to do these types of things and get away with it and have it chalked up to his being young. He ran for the Office of Attorney General. He holds that office and he has to be held to that standard. Thank you, Mr. President. I will now withdraw that motion.

SENATOR CUDABACK: It is withdrawn. Mr. Clerk, LB 90AE.

CLERK: (Read LB 90A on Final Reading.)

SENATOR CUDABACK: All provisions of law relative to procedure having been complied with, the question is, shall LB 90AE pass with the emergency clause attached? All in favor of the motion

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vote aye; all opposed to the motion vote nay. Have you all
voted who care to? Record please, Mr. Clerk.

CLERK: (Record vote read, Legislative Journal page 1752.)
45 ayes, 1 nay, 2 present and not voting, 1 excused and not
voting, Mr. President.

SPEAKER BRASHEAR PRESIDING

SPEAKER BRASHEAR: Thank you, Mr. Clerk. LB 90AE is advanced
with the emergency clause attached. Members, while the
Legislature is in session and capable of transacting business, I
propose to sign and do hereby sign the following legislative
resolutions: LR 123, LR 124, LR 125, LR 126, LR 127, LR 128,
LR 129, LR 130, LR 131, LR 132, and LR 133. Thank you.
Mr. Clerk. Members, also, while the Legislature is in session
and capable of transacting business, I propose to sign and do
hereby sign LB 312, LB 312A, LB 90, and LB 90A. Thank you.
Mr. Clerk.

CLERK: Mr. President, some items. Thank you. A confirmation
report from the Agriculture Committee. That's offered by
Senator Kremer, as Chair. New resolution: LR 235, by Senator
Heidemann. That will be laid over. Mr. President, Enrollment
and Review reports LB 538 to Select File, LB 538A to Select
File, LB 484 to Select File. Mr. President, the Appropriations
Committee will meet in Room 2022 immediately; 2022,
Appropriations Committee, right now. That's all that I have,
Mr. President. (Legislative Journal pages 1753-1755.)

SENATOR CUDABACK PRESIDING

SENATOR CUDABACK: Thank you. Thank you, Mr. Clerk. Next
agenda item, General File, 2005 senator priority bills, the
Raikes division. Mr. Clerk, LB 577.

CLERK: LB 577, Mr. President, a bill by Senator Raikes. (Read
title.) The bill was introduced on January 18, referred to the
Education Committee for public hearing, advanced to General
File. I do have Education Committee amendments pending,
Mr. President. (AM1510, Legislative Journal page 1476.)

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SENATOR CUDABACK: Senator Raikes, to open on LB 577.

SENATOR RAIKES: Thank you very much, Mr. President, members of the Legislature. LB 577 expands the state of Nebraska's effort in the area of early childhood education. To introduce the topic, I would call your attention to the NCSL magazine, which you, I think, have all received recently. But I think there's an article in there that describes very well the importance of this particular effort. I quote: If you walk a good preschool classroom, you might see a teacher reading to a group of kids, children immersed in an art project, little ones playing on a computer, or getting ready for a field trip to a nearby museum or public library. Those children, mounting research shows, will do better in school, are more likely to attend college. As adults, they will have better jobs and pay more taxes. They will even be better parents. The good news is that more and more children go to preschool. In 2002, 66 percent of four-year-olds attended. Some schools are government supported. Others are private. Today, at least 40 states provide state funding for preschool programs, compared to only 10 in 1980. Parents from all income ranges send their children to preschool, although better educated parents with higher incomes have the highest participation rate. Preschools are designed to provide education and a safe, caring environment. Some states fund programs that incorporate the needs of working parents, sometimes by coordinating their programs with Head Start and childcare subsidy programs to ensure full-day services. One of the striking findings in early education is the size of the achievement gap at the start of kindergarten between children who have gone to preschool and those who have not. That difference hardly ever goes away. It continues in reading and math achievement in the early grades, and throughout school, and into the job market. I would encourage you to take a look at that article, because I think it makes basically the case for LB 577. Let me tell you a little bit about the details of LB 577. As you may recall, the Legislature has already adopted an increase in the appropriation for early childhood education grants. That occurred in our discussion of the mainline budget bill, which is now passed. Therefore, LB 577 has no A bill. There is no additional spending associated with this particular

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bill. What would LB 577 do? With the committee amendment and the amendment to that amendment, it would prioritize the grants, the expanded number of grants, with an emphasis on using the new funds to expand the availability of programs for at-risk four-year-olds. And it would also move four-year-olds from the grant program to state aid, after the program has received grants for three years. An amendment to the committee amendment would push state aid to the 2007-2008 school year. That's delaying it another year. The existing Early Childhood Education Grant Program would be the gatekeeper. And this is a critically important point. All programs would need to continue to meet the requirements of the program in order to get state funds, from either the grant program or from state aid to school districts. The grant program is the gatekeeper. And one of the parts of that gate is a high-quality program. Plus, as I just mentioned, this is a mechanism by which the grant funds, and then, eventually, state aid to four-year-olds, is directed to those children, communities that have at-risk children. The programs are required to be collaborative, to meet quality standards, and to be available to diverse preschool populations. I'm talking there about the grant programs which have been in place, I think, since 1990. So this is not a newfangled idea, one that we don't have experience. This is a program that has clearly proven itself over the years. As I say, it's been successful a number of years in focusing state resources on quality programs that will improve the success of the children both as they enter the elementary grades and as they contribute to society as working adults. I'll just add quickly that I unfortunately can't claim much credit for the construction of this program, the way it operates. I don't know a lot about what occurs in other states, except that more than 40 other states do in fact invest in early childhood education. But I suspect that the mechanism we're proposing here in Nebraska ranks as one of the best in the nation, for the following reasons. The Early Childhood Grant Program provides a way to initiate an effort in a community without immediately putting it into the state aid formula. It is a...it must be collaborative. You must have contributions. At least half the contributions have to come from other than the state. And obviously, the department is responsible for maintaining a high-quality effort. So all in all, I think this is an excellent approach, one that I

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hope you will agree with me in that regard, that it is an excellent approach. I'm going to yield the remainder of my time on this part to Senator Schimek, who has prioritized this bill.

SENATOR JANSSEN PRESIDING

SENATOR JANSSEN: Thank you, Senator Raikes. Senator Schimek.

SENATOR SCHIMEK: Yes. Thank you, Mr. President and members. And thank you, Senator Raikes. It is really my privilege to have designated this as a priority bill. I think it is so important. In our earlier discussion on LB 425, we touched on what early childhood education is and how it is beneficial. We know that research shows that early childhood education helps children have greater school readiness. Studies have shown that preschool programs prepare children for elementary school. Kids in these programs have been shown to have better reading, language, and social skills than those who lack this preparation. It also helps reduce grade retention and special education. Sixteen studies within the communities of Chicago, Houston, Milwaukee, Harlem, Washington, D.C., and Pittsburgh, showed a reduction in grade retention and special education rates, as much as a 40 percent drop in grade retention and special education in Chicago. It also helps increase graduation rates. Long-term studies in Louisville, Rome, Chicago--and that's Rome, Georgia, by the way--Chicago, Ypsilanti, and Baltimore, show that high school completion rate of 29 percent higher than children not in early childhood education programs. It also helps increase the likelihood of college education. A North Carolina study that focused on disadvantaged children that were given five years of exposure to early education in a high-quality preschool setting demonstrated that these children were far more likely to attend college than children not involved in early childhood education. And finally, it is cost-effective. The Chicago Longitudinal Study shows that \$7 are returned for every dollar spent on the program. The Ypsilanti Perry Study also shows a seven to one cost-benefits ratio, with savings in the criminal justice system, reduced welfare cost, and high taxes paid from better-paying jobs. RAND corporate analysis have confirmed these findings. RAND goes even further, though, by stating that the expenditures on

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education which are focused on K-12 may be misplaced, given the pattern of brain development.

SENATOR JANSSEN: One minute.

SENATOR SCHIMEK: Brains develop rapidly in the early years, from zero to four, then develop at a much slower pace from ages four through eighteen. Did you say one minute, Mr. Chairman?

SENATOR JANSSEN: Yes, I did.

SENATOR SCHIMEK: Then I think I will quit for now and turn my light back on. Thank you.

SENATOR JANSSEN: Thank you, Senator Schimek. (Visitors introduced.) There are committee amendments. Senator Raikes, would you like to open the committee amendments, please?

SENATOR RAIKES: Thank you, Mr. President, members of the Legislature. I think I can do this fairly quickly. But there's some important points here that I do want to make sure I mention. Number one, the appropriation intent language is eliminated. This does not have to be...there does not have to be an A bill with LB 577. The second point is that as school districts become responsible financially for four-year-olds that are in a grant program, they need budget authority to support that program. So that is provided in the committee amendment. It distinguishes different types of programs and grants, based on the age of students. It prioritizes the awarding of these grants, the early childhood grants. And it requires continuity between the Early Childhood Education Programs and kindergarten instructional hours. I'll mention...expand on that very briefly. The issue arose, well, what if you've got a proposed grant program that would provide an all-day environment for four-year-olds, but there is only a half-day kindergarten offered in the K-12 school? What this says is that you would rank programs according to the correspondence between the proposed early childhood program and what is available in the way of kindergarten, so that if you had a half-day kindergarten program, then associated with that would be a half-day program for four-year-olds, and the same for full-day kindergarten. So

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those are the committee amendments. And again, as we get to it, I would be happy to address questions. Thank you.

SENATOR JANSSEN: Thank you, Senator Raikes. Mr. Clerk, do we have amendments to committee amendments?

CLERK: Mr. President, I do. The first amendment to the committee amendments, Senator Raikes. Senator, I have AM1575. I have a note that you wish to withdraw AM1575.

SENATOR RAIKES: Yes, that's...that would be right.

CLERK: Mr. President, Senator Raikes would move to amend the committee amendments with AM1720. (Legislative Journal pages 1755-1756.)

SENATOR JANSSEN: Senator Raikes, to open on your amendment to committee amendments.

SENATOR RAIKES: Thank you, Mr. President and members. Again, I'll try to be quick, because I hope we can get to some discussion on the points that you're interested in. This delays the inclusion of early childhood education students in the state aid formula until the 2007-2008 school fiscal year. That would be the first year of the out-biennium. The first priority in the allocation of grant funds would include continuation grants for programs that have been receiving grants. And just to remind you, there are twenty...I believe, seven or nine of those. They're located all across the state of Nebraska. And they've been, some of them, in place...or, in operation since the early nineties, maybe 1990. So continuation grants for those programs are a top priority. If it was a first-year grant, the amount held harmless would reduce by 33 percent, to reflect the inclusion of start-up costs and first-year grants. A quick point of explanation. In the grant program, there is up to \$75,000 available from the state for the grant program in the first year. In the second year, that drops to \$50,000, once the program continues. Continue...and again, continuation grants would be included in the first priority for programs other than those just receiving grants in 2005 and 2006. So the effort here is to continue funding of those programs that have been in

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place. But any new funding available would be targeted to establishing grants in communities that serve at-risk children. Other point I was going to make, but forgot. So I'll trust you to ask a question about that. That is the...again, we're on the amendment to the committee amendment. This is language to make clear that we're...as to how we're going to prioritize the program, when the state aid part of it begins. And again, that's in the first year of the out-biennium, the 2007-2008 school fiscal year. Oh, I know what I was going to mention. In terms of funding of the grant programs, suppose you have an ongoing program that is receiving \$50,000 a year through the...from the state, through the grant program. And then, after it's been in place for three years, the four-year-olds in that program are funded through the aid formula. And let's just say there's \$20,000 available to support the program through the aid formula. Then there would continue to be \$30,000 available through the grant program, so that the existing programs would be held harmless as four-year-olds go into the aid formula. And any new money that is brought into the grant program, so to speak, by replacing with state aid money, would be available to establish the new programs in the at-risk...or, communities serving at-risk children. So that's roughly the operation. I, no doubt, have not been very clear on my explanation. If you have questions, I'd be happy to try to answer them. Thank you.

SENATOR JANSSEN: Thank you, Senator Raikes. You've heard the opening on AM1720 to the committee amendments, AM1510. Those wishing to speak, Senator Connealy.

SENATOR CONNEALY: Thank you, Mr. President, members. First of all, I want to thank Senator Raikes for this work and for increasing early childhood education. I think it's great to do that. And I believe that those kind of programs are going to help us spend less going forward. I really think that this is an area that we need to work on. But I only want to talk about, as you add to the base and expand that, I think that's a good incentive to do this. I do have a local program that's actually funded locally. There was a need in Tekamah, Nebraska. Parents asked for a program that had some resources. Locally, they are doing an early childhood education program now. And I talked to Senator Raikes off the mike about whether their added program

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would help their base also. He said he didn't know if that was true or not, but that we could look at it between now and Select. And I look forward to doing that, to make sure that if we're going to expand the base for people that have established programs that took state money, that we ought to also do that for ones that are locally funded. And I have talked to Senator Raikes, and we don't know if we know the answer to that question. But hopefully we'll get it between now and Select. Is that right, Senator Raikes?

SENATOR JANSSEN: Senator Raikes, will you respond?

SENATOR RAIKES: That's right, Senator Connealy. I...it's a good question. I don't know the answer to it. But I will see what I can do to find out.

SENATOR CONNEALY: Thank you, Senator Raikes. Thank you, Mr. President.

SENATOR JANSSEN: Thank you, Senator Connealy. Senator Howard, your light is on next.

SENATOR HOWARD: Thank you, Mr. President and members of the body. I am very supportive of my learned colleagues in this early preventative program. And I have some additional information that I think you might be interested in hearing. This comes from Fight Crime: Invest in Kids, Nebraska law enforcement members. And they write, a key to crime prevention is investing early in programs proven to get kids started on the right track so they never turn to crime and violence. Pre-kindergarten is precisely this type of a program. And they cite an example of a preschool program and an early education program in Michigan. And that gave them enough information to come to the conclusion that children excluded from this program were five times more likely to become chronic offenders with five or more arrests by the age of 27, as compared to children who were enrolled in this type of a program. Further, this was a 35-year study that showed the program saved over \$17 for every dollar spent, \$11 of which were crime cost savings. Now, you take this information, and you look at it in terms of Nebraska. Nebraska ranks 34 in the nation, for its size, in investing in

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early childhood services. Factor into this information that Nebraska has one of the highest rates of working moms. It doesn't take a social worker to tell you that early childhood education is going to be a great preventative method. It's going to be a method of helping children get a head start in where they need to go. I endorse this program, and I thank Senator Schimek for making it her priority bill. And I return the remainder of my time. Thank you, sir.

SENATOR JANSSEN: Thank you, Senator Howard. Senator Mines, your light is on next.

SENATOR MINES: Thank you, Mr. President. Senator Raikes, I need your help. May I ask him to respond to questions, Mr. President?

SENATOR JANSSEN: Senator Raikes, will you respond, please?

SENATOR RAIKES: Yes, I would.

SENATOR MINES: Senator Raikes, I'm over my head, and I need your help. Looking at the fiscal note, once we get to the fourth year of funding, the...I understand your amendment will shift funding to the out-biennium and extend from there? Is that right?

SENATOR RAIKES: Yes, Senator. The funding through the state aid equalization formula would be...wouldn't begin until the first year of the out-biennium.

SENATOR MINES: Okay.

SENATOR RAIKES: And then it would only begin for four-year-olds in a program that had been operating according to all the rules for three years.

SENATOR MINES: Okay. And if that happens, is it right that I presume that the funding would begin at the \$9 million level for year one; \$15 million, year two? Or would we automatically shift to the \$23 million that...2007 and '08?

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SENATOR RAIKES: No. The...

SENATOR MINES: I mean, all we're doing is shifting the years, is that correct?

SENATOR RAIKES: No.

SENATOR MINES: Not the funds?

SENATOR RAIKES: The...and that's a good question, because the program has been substantially cut back, in terms of its implementation. So I believe the number...the state aid impact in the first year of the out-biennium is...\$2.3 million? Two point three million would be the estimated impact of including the kids...the four-year-olds that would then be eligible to be included in the state aid formula.

SENATOR MINES: Okay.

SENATOR RAIKES: Now, keep in mind, though, that you've got not only that, but you've got continuation of the grants,...

SENATOR MINES: Right.

SENATOR RAIKES: ...to pay for, in addition. So I think the total of financial commitment in the first year of the out-biennium would be around \$4 million.

SENATOR MINES: Okay. Okay, I understand.

SENATOR RAIKES: Yeah.

SENATOR MINES: Is there...as the program proceeds, is there a ramp-up time? In other words, will, in fact, the...our system be able to accommodate, year one, all the needs? Or is there going to be a ramp-up time? Will it take several years?

SENATOR RAIKES: In fact, that's another good question, because I think that's one of the real benefits of this approach, namely, using the Early Childhood Grant Program as the gatekeeper, because the Legislature has pretty close control

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over just exactly how fast the program does expand.

SENATOR MINES: Okay.

SENATOR RAIKES: And obviously, you could make statutory changes. I don't know why you'd want to do that, necessarily. But you know, the program operates for three years, and then in the fourth year, the four-year-olds go in the aid formula. I suppose you could change that, in addition. But even if you didn't change that, the fact that you make the money available for the Early Childhood Grant Programs, and then only once...only...once those programs are funded with grants and operate successfully three years, after that, four-year-olds become eligible for funding in the aid formula.

SENATOR MINES: And I'm not trying to pick this apart. I'm really interested. How is, then...how is it...who measures and how is it measured whether or not the programs are successful, whether or not they're meeting whatever expectations are set by whomever that might be?

SENATOR RAIKES: Yeah. There is, actually, a considerable amount of scholarly work that's been done in the area of evaluating these programs,...

SENATOR CUDABACK PRESIDING

SENATOR CUDABACK: One minute.

SENATOR RAIKES: ...determining the level of quality, and so on. We rely very heavily on the Department of Education to do those evaluations. And they have done them, as I mentioned, on the existing grant programs, for now approaching 15 years on some of the oldest ones. So another nice part about this is, we are not having to embark on a brand-new effort to entrust brand-new people...

SENATOR MINES: Right.

SENATOR RAIKES: ...to do a regulatory effort.

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SENATOR MINES: Okay. And then my final question would be...we may run out of time, but I...the definition of "at-risk." I'm sure it's defined somewhere. I just don't understand what that might be. And I'll catch you on another time.

SENATOR RAIKES: Okay. Thank you.

SENATOR MINES: Thank you. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Mines. Further discussion on the Raikes amendment. Senator Schimek, followed by Senator Fischer.

SENATOR SCHIMEK: Yes. Thank you, Mr. President, members. Senator Mines, I'd be happy to give you a little of my time if you'll then return it to me when you're finished with your questioning.

SENATOR CUDABACK: Senator Mines.

SENATOR MINES: Thank you, Mr. President. Thank you, Senator. If I could direct a question to Senator Raikes? I don't understand "at-risk" and that definition, and really am curious how we define who we're targeting.

SENATOR RAIKES: Okay. Let me work on that one. Before I do that, Senator, I'll call your attention to the Nebraska Early Childhood Education Grant Program annual evaluation report. I happen to have the one that was November of 2004, but it covers...so this is available every year, and goes through the evaluation that you talked about in your previous question.

SENATOR MINES: Thank you.

SENATOR RAIKES: You're right. "At-risk" is not defined in statute. But rather, it's left to regulation through the department. And I think the best way I can address what we're talking about there is from a report on the Nebraska Early Childhood Grant Program, which is in fact the gatekeeper. The programs target pre-kindergarten-age children, one, whose family income qualifies them for participation in the federal free or

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reduced lunch program; two, who are born prematurely or at low birth weight, as verified by a physician; three, who reside in a home where a language other than spoken English is used as a primary means of communication; and/or four, whose parents are younger than 18, or who have not completed high school.

SENATOR MINES: Perfect.

SENATOR RAIKES: Okay.

SENATOR MINES: Senator Schimek, I'd return the rest of your time. Thank you.

SENATOR SCHIMEK: Thank you. Thank you, Senator Mines. I wanted to be sure that that got on the record. And I knew I had it somewhere, but I assumed that Senator Raikes had it more readily than I did. But this probably will be the last time I speak. I don't want to prolong the debate or the discussion on this bill. But I do think it's important that we have the opportunity to say why this is so important. I'd just like to continue from earlier that states such as New Jersey have witnessed its investment in these programs pay off in big ways. There are approximately 39,000 children enrolled in early childhood education programs in the state of New Jersey. And a recent study focusing on these programs showed that these children did better with such concepts as understanding the letters...that letters form words, and how these letters sound, more so than those children who were not participants in the program. What is happening in that state simply confirms what so many now believe about education, that it is best to start early and expose these young students to as much as possible before they enter kindergarten. In Nebraska, as it's been pointed out, there are 11 full-day preschool classrooms engaged in this state-funded early education program, 31 part-day preschool classrooms, and only 10 full-day infant-toddler classrooms. And those go from all...from everywhere in the state, from Alliance to Walt Hill. I don't know if you all have this chart. I'd be happy to distribute it if you don't, if you'd like to see where these early childhood programs are. Ideally, we'd like to increase that number in Nebraska. Finally, a local advocacy group, Voices for Children, states

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that Nebraska ranks 34th in the nation for its investment in early...

SENATOR CUDABACK: One minute.

SENATOR SCHIMEK: ...childhood services, behind both Kansas and Missouri. We are also one of the highest-ranked states of working mothers, and we have a growing population of new citizens who need support in learning of the English language. Early childhood education is particularly beneficial to at-risk students from backgrounds in poverty, who often struggle in academics early on, and thus continue to lag behind their peers throughout their education in the school system. I do believe that LB 577 is common sense, and it is a sound investment in the state system. And by the way, I do support the amendment to the amendment. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Schimek. Further discussion. Senator Fischer.

SENATOR FISCHER: Thank you, Mr. President and members. I support early childhood education. We all know the benefits that the state and our children receive from that. But I do have quite a few questions on this bill and on the amendment, if Senator Raikes would yield to questions.

SENATOR CUDABACK: Senator Raikes.

SENATOR RAIKES: Yes.

SENATOR FISCHER: Right now, Senator Raikes, do the grant monies come from the General Fund? Is that what I'm seeing here on the fiscal note?

SENATOR RAIKES: Yes.

SENATOR FISCHER: In the current grant money that districts are able to receive because they have programs in place, do you know what the figure is for this year on that money?

SENATOR RAIKES: It's about \$2 million. There's \$2 million

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total appropriation, I think. And part of that money goes to the department for administration and evaluation and so on. But \$2 million is a ballpark number.

SENATOR FISCHER: And that \$2 million is for the 27 to 29 programs that you spoke of?

SENATOR RAIKES: Yeah. And in fact, I think the number is 28.

SENATOR FISCHER: Twenty-eight? Would you have a list of those programs available?

SENATOR RAIKES: Yes, I do.

SENATOR FISCHER: Okay. Thank you.

SENATOR RAIKES: And...someplace.

SENATOR FISCHER: Okay. We're looking, then...

SENATOR RAIKES: I will get that for you.

SENATOR FISCHER: Thank you. We're looking, then, at increasing from a current expenditure of \$2 million to...the first year, it will be about \$9.5 million, and then that will double? Is that what you're proposing here from General Funds?

SENATOR RAIKES: Actually, no. That was in the green copy of the bill. But what we've done is cut that back considerably, both through the authorization of new grant programs, and, in addition, through the delay of entry into the aid formula, if that's an appropriate phrase. In other words, when the money to support the early childhood programs, the four-year-olds, comes out of the aid formula. I'll get these numbers for you. But I think, in the first year of the out-biennium...first off, there's no additional expenditure in the biennium we are now budgeting for. But in the first year of the out-biennium, the cost of...the cost in TEEOSA, or state aid, of the four-year-olds that would then be eligible for the formula, is about \$2.3 million. And in addition to that, you would have the cost of continuing the grant programs that were added...that by

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that point would have been added in the upcoming budget biennium. So I think the total additional cost in the first year of the out-biennium is \$4 million. And I think it's about the same in the second year of that biennium.

SENATOR FISCHER: In the...okay. We realize that in a few years these students are going to be counted in the formula, and early childhood education programs will be included as a factor in the formula?

SENATOR RAIKES: No, they would be...they would actually be counted as students. And this is a point you raised, I think, maybe on the budget bill discussion. And it's a good question. Is it...well, are these additional students going to simply get added in the denominator, so that the effect is to reduce the cost group cost? And the answer is, no. We have made the change so that that does not happen, that there is no reduction in the cost group cost as a result of counting four-year-olds in the aid formula.

SENATOR FISCHER: Will all districts be able to count their four-year-olds? Or do these districts have to have programs, early childhood programs?

SENATOR CUDABACK: One minute.

SENATOR RAIKES: The latter. The latter. Only the students...only the four-year-olds who have been a part of a program that has been in existence for three years. The program has to have been in existence for three years.

SENATOR FISCHER: Okay. That...

SENATOR RAIKES: The child doesn't necessarily...

SENATOR FISCHER: That brings up another question, then. Who approves the programs in order for districts to receive the grants currently?

SENATOR RAIKES: Okay. We would, in LB 577, establish criteria for prioritization of grant applications.

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SENATOR FISCHER: But then those...as I'm reading this, you're...districts that just have a one-year program, their funding is cut by 33 percent. So if the criteria is not established until later, who decides which three-year program is going to qualify?

SENATOR RAIKES: I wasn't clear in my explanation of the 33 percent. Because when you first establish a program, say, you do an application for a...

SENATOR CUDABACK: Time, Senator Fischer.

SENATOR FISCHER: Thank you.

SENATOR CUDABACK: Thank you, Senator Fischer. (Visitors introduced.) On with discussion. Senator Stuhr, on AM1720.

SENATOR STUHR: Thank you, Mr. President and members of the body. I just want to stand in support of this amendment and also the committee amendment. I am in support of the early childhood concept. I do believe that early childhood, from all the research does show, that it is very important for young children, particularly those that are at high risk. I will just ask a few questions, and then I will give the rest of my time to Senator Fischer so that she can continue addressing those questions to Senator Raikes. But I do have a question I'd like to address to Senator Raikes, please.

SENATOR CUDABACK: Senator Raikes, would you...?

SENATOR RAIKES: Yes.

SENATOR STUHR: Could you expand just a little bit on what the total cost for this early childhood program will be for this biennium? Not just the additional cost that we're passing here (inaudible).

SENATOR RAIKES: Okay. In the upcoming biennium...let me take you back to review our discussion on LB 425, the mainline budget bill.

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SENATOR STUHR: Yes.

SENATOR RAIKES: We funded special ed...and I don't want to get too far off the topic, but the two are tied together. We funded a 5 percent increase in special ed in the first year of the biennium, 3 percent in the second year of the biennium. And in each of those years...it amazes me how fast this gets away from me, but I think it was \$1.7 million to fund new grant programs. Okay. So this is a significant increase in grant programs, given that the current amount of programs...or, the current programs cost about \$2 million. So we are, in this budget biennium, going to increase the number of grant programs at a cost of about \$1.7 million per year, or \$3.3 million or \$3.4 million total. In the first year of the out-biennium, you would have the additional cost, besides that \$1.7 million, of the inclusion of eligible four-year-olds in the aid formula. That, I'm thinking, is about \$2.3 million. So the total additional cost, counting the grant program and the aid formula in the first year of the out-biennium, would be about \$4 million per year. I think it remains, if I'm thinking about it correctly, about the same in the following year. Or it may go up some if there's some additional kids that are eligible to go in the aid formula. But the important point is that with the grant program, the state is only providing, at most, half the money. Because half of the money has to come from the local community, or Head Start, or those other programs. The second important point is that because the grant program is the gatekeeper, the Legislature has a very good handle, or throttle, on how fast this program expands.

SENATOR STUHR: Okay. Thank you. About how many children...do you have any idea...we're talking about, presently, 28 programs, is that correct,...

SENATOR RAIKES: Yes.

SENATOR STUHR: ...across the state?

SENATOR RAIKES: Yes.

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SENATOR STUHR: Do we have any idea how many children we are reaching now, and in ten...and will be reaching in the future, with the expansion of this grant program?

SENATOR RAIKES: We should have an idea, but I don't right now.

SENATOR CUDABACK: Is that a question, Senator...?

SENATOR RAIKES: I have that...

SENATOR STUHR: Maybe you'll...

SENATOR RAIKES: I'll get that for you, Senator.

SENATOR STUHR: Okay. All right. Fine. Senator Fischer, I would give the rest of my time to you, if you have some additional questions. Thank you, Mr. President.

SENATOR CUDABACK: One minute. Senator Fischer.

SENATOR FISCHER: Thank you, Senator Stuhr. Mr. President, may I ask Senator Raikes some questions, if he would yield?

SENATOR CUDABACK: Yes, you may. Senator Raikes, would you respond to a...?

SENATOR RAIKES: Yes, I would.

SENATOR FISCHER: Senator Raikes, do you know how many years this...the current program has been in existence?

SENATOR RAIKES: 1990 or '91, I think, was the first...1990 was the first grant program.

SENATOR FISCHER: And thank you for passing out the list for the 2004-2005 funded programs. And as Senator Raikes said, they do cover the entire state. And I know they are all worthy programs, but I still have some questions here for you.

SENATOR CUDABACK: Senator...

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SENATOR FISCHER: Mr. President?

SENATOR CUDABACK: I'm sorry.

SENATOR FISCHER: Oh, I thought you had something to say. I'm sorry. Do you...Senator Raikes, do you know how many applications there are every year for this grant program?

SENATOR RAIKES: I don't, Senator. I think...keep in mind, though, that...

SENATOR CUDABACK: Time, Senator Fischer. Thank you. And thank you, Senator Stuhr. Senator Raikes, followed by Senator Fischer.

SENATOR RAIKES: Thank you, Mr. President and members of the Legislature. Senator Fischer, please continue with your question.

SENATOR CUDABACK: Senator Fischer.

SENATOR FISCHER: Thank you, Senator Raikes and Mr. President. Do you know how many schools have applied for these programs?

SENATOR RAIKES: I don't. And keep in mind that there's been a fixed amount of money available for a long time. And in fact, when we got into the budget crunch--seems like a long time ago right now, but maybe it really wasn't--we actually reduced the amount of funds available for those grant programs. So basically, until this upcoming budget biennium, there was probably little point for a school to seriously consider applying for a grant, because there simply wasn't money available to expand the program. I'm hoping that there will be an active effort by schools to get these grants. But keep in mind, it's not free money. It requires a collaborative effort in the local community, and there has to be a demonstration that not more than half of the funding required to operate the program come from the state.

SENATOR FISCHER: I do have the revised fiscal note here. My aide brought that to me. It's different than what is up on the

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gadget. Why do you have such a large reduction from the original fiscal note, from...in 2007-2008, which is, I believe, the first year, since it's being delayed until then, you have a change of...from \$23 million for fiscal impact, down to \$4 million. What caused that?

SENATOR RAIKES: Senator, I'll proceed. And I'm going to look...I'm going to kind of read the fiscal note along with you, because we didn't have that before you did. But basically, the answer to your question is, we wanted to try to move in this direction very definitely, but move in a manner that's consistent with what we could afford. And so we...I mean, the original bill, I think, was very sound, in the sense that we ought to try to have these programs available to all at-risk kids in the state within a three-year period. But we just simply decided that that is probably too ambitious in terms of funding. So we have accordingly cut it back.

SENATOR FISCHER: Okay. May I ask one more question?

SENATOR RAIKES: Certainly.

SENATOR FISCHER: Did I hear you correctly in saying that these grants...or, the early childhood students are not going to be included as a factor in the formula? It will just be the number of four-year-olds that are included in this grant program that will be included now...

SENATOR RAIKES: Yeah.

SENATOR FISCHER: ...in a student count?

SENATOR RAIKES: We do use a student count, Senator. And in addition, the factors would come into play, because if you had a child that was included in the...as a four-year-old in the aid formula, and if that child were English as a second language or from a poverty background, then those factors would be applied.

SENATOR FISCHER: Okay. Thank you very much.

SENATOR CUDABACK: Senator Raikes, were you finished?

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SENATOR RAIKES: I am, thank you.

SENATOR CUDABACK: Thank you. Senator Fischer, you are next. Senator Fischer waives her time. Senator Raikes, there are no further lights on. You're recognized to close on AM1720.

SENATOR RAIKES: Thank you, Mr. President, members. This makes the changes to the committee amendment that is consistent with the discussion we have. So I'd urge your adoption. Thank you.

SENATOR CUDABACK: You've heard the closing on AM1720 to the Education Committee amendments. All in favor of the motion vote aye; all opposed, nay. We're voting on adoption of the Raikes amendment, which is to the AM1510. The question before the body is the Raikes amendment to the Education Committee amendments to LB 577. Have you all voted who care to? Record please, Mr. Clerk.

CLERK: 28 ayes, 0 nays, Mr. President, on the adoption of Senator Raikes' amendment.

SENATOR CUDABACK: The Raikes amendment has been adopted.

CLERK: I have nothing further to committee amendments, Mr. President.

SENATOR CUDABACK: Thank you, Mr. Clerk. Discussion of the committee amendments? Open for discussion. Seeing no lights on, Senator Raikes, Chairman of the committee, you're recognized to close. Senator Raikes.

SENATOR RAIKES: Oh. Thank you, Mr. President, members. Committee amendments, I urge your support. Thank you.

SENATOR CUDABACK: Thank you, Senator Raikes. You've heard the closing on adoption of committee amendments. All in favor of adoption of committee amendments to LB 577 vote aye; opposed, nay. The question before the body is the Education Committee amendments to LB 577. Have you all voted who wish to on the question? Record please, Mr. Clerk.

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LB 577, 713

CLERK: 28 ayes, 0 nays, Mr. President, on the adoption of committee amendments.

SENATOR CUDABACK: Committee amendments have been adopted. Anything further on the bill, Mr. Clerk?

CLERK: I have nothing further on the bill, Mr. President.

SENATOR CUDABACK: Discussion, advancement of LB 577? There are no lights on, Senator Raikes. Did you wish to close?

SENATOR RAIKES: Thank you, Mr. President, members. This, I believe, is an important effort, one that we should undertake. We have made every effort to do this in not only a manner that's consistent with the research which suggests that we need high-quality programs, but we also are proceeding in a manner that is consistent with good budgeting and fiscal management. So I appreciate the discussion. I urge your support. Thank you.

SENATOR CUDABACK: Thank you, Senator Raikes. You've heard the closing on the advancement of LB 577. The question before the body is, shall LB 577 advance to E & R Initial? All in favor of the motion vote aye; opposed, nay. The question before the body is LB 577, the advancement to E & R Initial. Have you all voted on the question who care to? Record please, Mr. Clerk.

CLERK: 31 ayes, 0 nays, Mr. President, on the advancement of LB 577.

SENATOR CUDABACK: LB 577 advances. Next agenda item, we go to Select File, 2005 senator priority bills, the McDonald division. Mr. Clerk, LB 713, please.

CLERK: Mr. President, with respect to LB 713, the first item I have are Enrollment and Review amendments. (AM7102, Legislative Journal page 1667.)

SENATOR CUDABACK: Senator Flood, please.

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SENATOR FLOOD: Mr. President, I move the adoption of the E & R amendments to LB 713.

SENATOR CUDABACK: The motion by Senator Flood, adopt E & R amendments, LB 713. All in favor of the motion say aye. Opposed, nay. They are adopted.

CLERK: Senator Bourne would move to amend with AM1683. (Legislative Journal pages 1756-1757.)

SENATOR CUDABACK: Senator Bourne, to open on AM1683 to LB 713.

SENATOR BOURNE: Thank you, Mr. President. Members, this is largely a technical amendment. If you recall the underlying bill, we eliminated a statute of limitations for first- and second-degree sexual assault. The first section of this amendment makes clear that that would not apply to any pending cases, as you can't have a retroactivity for criminals...criminal law. The second portion of it indicates that the State Patrol can disclose information contained on the sex offender registry to those healthcare providers who serve children or vulnerable adults for the purpose of conducting confidential background checks for employment. So it would apply only to information on the sexual offenders registry; could be disclosed to healthcare providers serving children or vulnerable adults when they're doing a background check. Just a clarifying amendment. With that, I would urge your adoption.

SENATOR CUDABACK: Thank you, Senator Bourne. You've heard the opening on AM1683. Any discussion? Senator Bourne, there are no...Senator Bourne waives closing. The question before the body is adoption of the Bourne amendment, AM1683. All in favor vote aye; opposed vote nay. We're voting on adoption of the Bourne amendment, AM1683, to LB 713. Have you all voted on the question who care to? Voting on adoption of the Bourne amendment. Have you all...? Record please, Mr. Clerk.

CLERK: 25 ayes, 0 nays, Mr. President, on the adoption of Senator Bourne's amendment.

SENATOR CUDABACK: The Bourne amendment has been adopted.

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LB 146A, 146, 713

CLERK: I have nothing further on the bill, Mr. President.

SENATOR CUDABACK: Thank you, Mr. Clerk. Senator Flood, for a motion, please.

SENATOR FLOOD: Mr. President, I move the advancement of LB 713 to E & R for engrossing.

SENATOR CUDABACK: You've heard the motion to advance LB 713 to E & R for engrossing. All in favor say aye. Discussion? All those opposed, nay. Ayes have it; it is advanced. Mr. Clerk, LB 146.

CLERK: LB 146. Senator, I have Enrollment and Review amendments. (AM7104, Legislative Journal page 1695.)

SENATOR CUDABACK: Senator Flood, please.

SENATOR FLOOD: Mr. President, I move the adoption of the E & R amendments to LB 146.

SENATOR CUDABACK: You've heard the motion to adopt the E & R amendments to LB 146. All in favor say aye. Opposed, nay. They are adopted.

CLERK: I have nothing further on the bill, Senator.

SENATOR CUDABACK: Senator Flood.

SENATOR FLOOD: Mr. President, I move the advancement of LB 146 to E & R for engrossing.

SENATOR CUDABACK: The motion is to advance LB 146 to E & R for engrossing. All in favor of the motion say aye. Opposed, nay. It is advanced. Mr. Clerk, LB 146A.

CLERK: LB 146A. Senator, I have no amendments to the bill.

SENATOR CUDABACK: Senator Flood, for a motion, please.

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SENATOR FLOOD: Mr. President, I move the advancement of LB 146A to E & R for engrossing.

SENATOR CUDABACK: You've heard the motion to advance LB 146A to E & R for engrossing. All in favor of the motion say aye. Those opposed, nay. LB 146A is advanced. Mr. Clerk, LB 332, please.

CLERK: LB 332. Senator, I have Enrollment and Review amendments, first of all. (AM7105, Legislative Journal page 1724.)

SENATOR CUDABACK: Senator Flood.

SENATOR FLOOD: Mr. President, I move the adoption of the E & R amendments to LB 332.

SENATOR CUDABACK: Senator...you've heard the motion to adopt the E & R amendments to LB 332. All in favor say aye. Opposed, nay. They are adopted.

CLERK: I have nothing further on the bill, Senator.

SENATOR CUDABACK: Senator Flood, for a motion, please.

SENATOR FLOOD: Mr. President, I move the advancement of LB 332 to E & R for engrossing.

SENATOR CUDABACK: You've heard the motion to advance LB 332 to E & R for engrossing. All in favor of the motion say aye. Discussion? Seeing none, all those opposed, nay. It is advanced. Mr. Clerk, LB 332A.

CLERK: No E & R. Senator McDonald would move to amend, AM1697. (Legislative Journal page 1744.)

SENATOR CUDABACK: Senator McDonald, to open on your amendment, AM1697 to LB 332A.

SENATOR McDONALD: Mr. President and members, this amendment separates the \$500,000 from the Health Care Cash Fund into two

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LB 40, 332A

payments. The first, \$250,000, in the year 2005-2006; and the second, \$250,000, to year 2006-07. The amendment is in response to a request from the administration not to draw the Health Care Funds too low at one point in time. And it's easier for them to budget to separate those into two years. We were originally going to do the \$500,000 over a two-year period. But this basically puts \$250,000 in each year. So basically, it's a simple amendment, doesn't change any of the dollars. It just changes the way they're going to report the amendment. Thank you.

SENATOR CUDABACK: Thank you, Senator McDonald. You've heard the opening on the McDonald amendment, AM1697. Open for discussion. Senator McDonald, there are no lights on. Senator McDonald waives closing. The question before the body is adoption of the McDonald amendment, AM1697 to LB 332A. All in favor vote aye; opposed, nay. We're voting on the adoption of the McDonald amendment, AM1697. Record please, Mr. Clerk.

CLERK: 27 ayes, 0 nays, Mr. President, on the adoption of Senator McDonald's amendment.

SENATOR CUDABACK: The McDonald amendment has been adopted.

CLERK: I have nothing further on the bill, Mr. President.

SENATOR CUDABACK: Thank you, Mr. Clerk. Senator Flood, for a motion, please.

SENATOR FLOOD: Mr. President, I move the advancement of LB 332A to E & R for engrossing.

SENATOR CUDABACK: You've heard the motion to advance LB 332A to E & R for engrossing. All in favor say aye. Discussion? Seeing none, nay? Seeing none, LB 332A is advanced. Mr. Clerk, we now move on to Select File, 2005 senator priority bills, the Redfield division. First bill, LB 40.

CLERK: LB 40, Mr. President, has been considered on Select File. Enrollment and Review amendments have been adopted, as has an amendment by Senators Redfield and Preister. Senator

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Smith had pending, Mr. President, FA303. But I have a note that Senator Smith wishes to withdraw FA303.

SENATOR CUDABACK: FA303 is withdrawn.

CLERK: Mr. President, the next amendment I have, Senators Redfield and Flood, AM1730. (Legislative Journal pages 1757-1758.)

SENATOR CUDABACK: Senator Redfield, you're recognized to open on AM1730 to LB 40.

SENATOR REDFIELD: Thank you, Mr. President, members of the body. The amendment that is before you is cosponsored by Senator Bourne, Senator Flood, and myself. It goes back to Senator Bourne's original idea, based on the congressional districts. What it would do is guarantee that 25 percent of the funding would go back to each of those congressional districts, leaving the remainder in a pot that would be available for distribution to the Native Americans, and then to fund other projects as special needs arose. So I believe it provides the guarantees to every district in the state. It also provides flexibility so that larger projects would have some other available funding. I want to thank everyone for working on this. I want to apologize that everyone was not on the same page yesterday. I believe our goals all along were always the same. And I believe that we have achieved that with the amendment that is before you. So I would ask for your adoption of this amendment. It says that it would allocate a specific amount of funds, not less than 25 percent, to each congressional district. Entitlement area funds allocated under this section that are not awarded to an eligible project from within the entitlement area within one year shall be made available for distribution to eligible projects elsewhere in the state. That's because there may not be applicants. Perhaps Omaha or Lincoln or somewhere else may not have enough projects to use up the funds. And it would distribute them. The goal is not to sit them...put them in the pot of any one area of the state. We want to make sure that we're putting roofs over people's heads. The goal of the bill is to provide housing, not only for those of low income, but also under the portion of the Behavioral

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Health Fund for those who need rental assistance with serious mental illness. I would ask for the advancement of the amendment. Thank you.

SENATOR CUDABACK: Thank you, Senator Redfield. You've heard the opening on AM1730. Open for discussion on that motion. Senator Flood.

SENATOR FLOOD: Thank you, Mr. President, members. The amendment that you have in front of you I think is fair and is reasonable. And I guess my position, yesterday and today, is the same, and that is, we have a significant need in Omaha, we have a need across the state. If we're going to make an allocation for one area, let's make sure the entire state knows what part of the fund it's going to get. This is an equitable division of the money. And especially, reserving 25 percent for the needs of Native American affordable housing, I think...as that has always been done, that is important to continue, and then share the rest of that 25 percent after that in the fourth division with statewide need and concerns. So I would thank Senator Redfield for being so patient and willing to work this out. And I would yield to Senator Bourne the balance of my time, if he is so interested.

SENATOR CUDABACK: Senator Bourne, did you care to use (inaudible)?

SENATOR BOURNE: Thank you, Mr. President, members. Thank you, Senator Flood. I just wanted to thank Senator Redfield and Senator Flood for their compromise in agreeing to do this. I think it's fair. It's what we talked about on General File. I'd appreciate your support. Thank you.

SENATOR CUDABACK: Thank you, Senator Bourne and Senator Flood. Further discussion on the Redfield amendment? Seeing no lights on, Senator Redfield, you're recognized to close, AM1730.

SENATOR REDFIELD: Thank you very much. I want to thank Senator Bourne and Senator Flood for their cooperation. Korby Gilbertson has worked really hard with us for the Home Builders. Certainly, we've had the realtors and everyone else involved in

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this process all the way through. People in the communities that serve the behavioral...or, the needs of those with mental illness have been involved. So there's been a large, large coalition that has worked on this. The question was asked yesterday, why should I vote for this? Well, if you're a fiscal conservative, you can tell your constituents that in fact you think it's more reasonable to spend \$500 a month instead of \$500 a day in order to deliver services. If you're a compassionate conservative, then you can tell people it's because you think it's important that people can find a place to receive these services in their own communities, near their friends and their families, places where they can go back and return to their normal lives, with assistance. That's good for them, that's good for their friends and family, that's good for the community. You can also tell them that the Affordable Housing Trust Fund was made whole from the action taken by the Legislature last year. We kept a promise to make them whole, and this bill will do that. You can also tell them that there was a concern whether the behavioral health funding, the rental assistance, might start eating up all of the funds available for other people of low income. And you can tell them that this bill actually carves out a very specific niche, and it is limited only to housing needs. It is not going to encroach on any kind of medical delivery. It is only housing needs, as the Affordable Housing Trust Fund was designed to do. And in fact, it is limited, and will not encroach on the rest of the Affordable Housing Trust Fund. So you can tell them that it saves costs. You can tell them that it saves people. You can tell them that the Legislature is taking responsible action to meet the needs of all of the different interests involved. I ask for your advancement of the amendment. Thank you.

SENATOR CUDABACK: Thank you, Senator Redfield. You've heard the closing on AM1730. The question before the body is, shall that amendment be adopted? All in favor vote aye; opposed, nay. We're voting on the adoption of the Redfield amendment, AM1730 to LB 40. Have you all voted who care to? Record please, Mister...or, Madam Clerk, rather.

ASSISTANT CLERK: 29 ayes, 5 nays on adoption of the amendment, Mr. President.

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SENATOR CUDABACK: The amendment has been adopted. Anything further on the bill, Madam Clerk?

ASSISTANT CLERK: Nothing further, Mr. President.

SENATOR CUDABACK: Senator Flood.

SENATOR FLOOD: Mr. President, I move the advancement of LB 40 to E & R for engrossing.

SENATOR CUDABACK: You've heard the motion to advance LB 40 to E & R for engrossing. All in favor say aye. All those opposed, nay. The ayes have it. It is advanced. Madam Clerk, LB 40A. Mr. Clerk.

CLERK: Mr. President, LB 40A. Senator Flood, I have Enrollment and Review amendments, first of all. (AM7090, Legislative Journal page 1328.)

SENATOR CUDABACK: Senator Flood.

SENATOR FLOOD: Mr. President, I move the adoption of the E & R amendments to LB 40A.

SENATOR CUDABACK: You've heard the motion to adopt the E & R amendments to LB 40A. Open for discussion. Senator Landis. Senator Landis waives. Further discussion? All those in favor say aye. Opposed, nay. They are adopted.

CLERK: Mr. President, Senator Preister would move to amend with AM1692. (Legislative Journal page 1713.)

SENATOR CUDABACK: Senator Preister, to open on AM1692 to LB 40A.

SENATOR PREISTER: Thank you, honorable President, friends all. This is the funding that we had talked about in adopting the amendment yesterday, that would provide the one-time transfer of \$300,000 to the Lead-Based Paint Abatement Program. I did hand out a copy of an article that was in today's World-Herald that

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talks about the problems with privatizing of this granting of authority to a private company who didn't have training, didn't have experience, didn't have personnel who knew what they were doing giving these lead-based paint funds out in grants. A hundred and sixty-seven million dollars' worth of these funds were improperly and incorrectly appropriated. And HUD is not going to go back and redo any of that for this year. So we just now have the confirmation on that. It's unfortunate. And Omaha did get caught in the middle of that. We're attempting, and I thank you for your vote yesterday in adopting the amendment. This is simply the transfer of those funds to provide them to continue these programs for...until the next grant cycle will come in. It's transferring \$300,000 from the Leaking Underground Storage Tank Fund, not the Housing Fund, into the city of Omaha's Lead-Based Paint Remediation Program, to prevent children from being exposed to the hazards of lead-based paint. If there are any questions, I would be happy to answer them. Thank you.

SENATOR CUDABACK: Thank you, Senator Preister. You've heard the opening on AM1692. Open for discussion. Senator Schrock, followed by Senator Flood.

SENATOR SCHROCK: Mr. President, members of the Legislature, I wholeheartedly support what Senator Preister is doing here. I'm sorry I missed the proceedings yesterday. This has been an ongoing problem. I don't think anyone knows or realizes how much damage the lead in Omaha has caused to the citizens of that municipality. And the cleanup and the federal money that's due to help with that issue has been...we've been waiting far too long for it. And so what Don is trying...what Senator Preister is trying to do is just to tide us over until they can get their house in order in Washington next year, and hopefully then the money will come through. And it is a Superfund site. It needs to be cleaned up. And it is more of a federal...I would consider it more of a federal obligation than a state obligation. But considering the botch job they've done on their grants, I think this is only appropriate that we step in and put a little money into this program, until the federal funds arrive. And so I wholeheartedly support what Senator Preister is doing here. And sorry I missed the proceedings yesterday.

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But commend Senator Preister for being vigilant on this. And it's something we just should not neglect.

SENATOR CUDABACK: Thank you, Senator Schrock. Senator Flood. I'm sorry, your light went off. I apologize. Further discussion? Senator Preister, there are no lights on. You're recognized to close, AM1692.

SENATOR PREISTER: Thank you, Mr. President. I would just thank everyone for their concern for these children that are being exposed. I would just highlight again that sometimes when we privatize these different tasks, it doesn't turn out to be a good idea. And in this case, at the federal level, by privatizing these grants, we have inappropriately given out \$167 million, and kept some people from getting them appropriately, where much more good could have been done. Just an editorial comment on privatization. It's not always a savings of money. And sometimes it squanders more money and creates more harm. We need to look carefully at when and how we do that. With that, I thank everyone for their support, and would encourage you to just transfer the funds to provide for the provisions that we already amended into LB 40. Thank you.

SENATOR CUDABACK: Thank you. You've heard the closing on AM1692. The question before the body is, shall that amendment be adopted? All in favor vote aye; those opposed vote nay. We're voting on adoption of the Preister amendment. Please record, Madam Clerk.

ASSISTANT CLERK: 26 ayes, 6 nays on adoption of the amendment, Mr. President.

SENATOR CUDABACK: The amendment has been adopted. Anything further on the bill, Madam Clerk?

ASSISTANT CLERK: Nothing further on the bill, Mr. President.

SENATOR CUDABACK: Senator Flood, for a motion, please.

SENATOR FLOOD: Mr. President, I move the advancement of LB 40A to E & R for engrossing.

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SENATOR CUDABACK: You've heard the motion to advance. Open for discussion. Senator Landis. All those in favor say aye. All those opposed, nay. LB 40A...the ayes are getting a little weak here, members, so please speak up. All those opposed, nay. Thank you very much for responding. LB 40A passes...or advances, rather. Mr. Clerk, we now go to Select File, 2005 senator priority bills, Cornett division. LB 478.

CLERK: Mr. President, may I read some items before we proceed?

SENATOR CUDABACK: You may read some items.

CLERK: Thank you. Bills read on Final Reading this morning, Mr. President, were presented to the Governor at 10:30 a.m. (re LB 312, LB 312A, LB 90, and LB 90A.) I have the report from the Appropriations Committee, as required by the rules, with respect to LB 425, and that report makes no recommendation with respect to line-item vetoes contained in LB 425. Copies will be distributed to the members. Mr. President, Senator Burling offers LR 236 as a new resolution. That will be laid over. I have confirmation reports from the Government, Military and Veterans Affairs Committee, two different reports. And amendments to be printed: Senator Connealy, to LB 645; Senator Mines, to LB 589. And that's all that I have, Mr. President. (Legislative Journal pages 1758-1764.)

SENATOR CUDABACK: Thank you, Mr. Clerk. Mr. Clerk, LB 478.

CLERK: Mr. President, LB 478 on Select File. Senator Flood, I have Enrollment and Review amendments, first of all. (AM7101, Legislative Journal page 1662.)

SENATOR CUDABACK: Senator Flood, for a motion, please. Senator Flood.

CLERK: E & R amendments, Senator.

SENATOR FLOOD: Thank you, Mr. President. I move the adoption of the E & R amendments to LB 478.

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SENATOR CUDABACK: You've heard the motion to adopt the E & R amendments to LB 478. All in favor say aye. All opposed, nay. They are adopted.

CLERK: Mr. President, Senator Cornett would move to amend the bill with AM1690. (Legislative Journal page 1713.)

SENATOR CUDABACK: Senator Cornett, to open on AM1690 to LB 478.

SENATOR CORNETT: Thank you, Mr. President and members of the body. During General Reading, several questions were raised in regards to the language of the bill and the equal protection clause. First, the amendment addresses the language of the bill. Senator Chambers, during debate, brought up many valid points in regards to the wording. I have to thank him and the other colleagues for his insights. After debate, my staff and I sat down with the executive order signed by President Clinton on April 17, 1995, to ascertain exactly what could and couldn't be said in the language of the bill. This led to the amendment that I'm currently introducing. Let me read now how the bill will be worded with new language proposed in the amendment. For taxable years beginning or deemed to begin on or after January 1, 2005, under the Internal Revenue Code of 1986, as amended, federal adjusted gross income shall be modified to exclude the amount of income received as military retirement benefit resulting from services in the armed forces of the United States equal to one-half the amount of income earned as wages and salaries by the taxpayer who by nature of his or her duties must meet eligibility requirements for access to classified information if such wages and salaries are paid in Nebraska by an employer performing security classified work for the federal Department of Defense and qualified under 32 C.F.R. 155.1 through 155.6, to the extent that such wages and salaries exceed \$40,000 during the tax year. In order to receive the exclusion provided in this subsection, the taxpayer shall submit a certification, signed by the employer's facility security officer, that the employer has received authorization to perform classified work for the federal Department of Defense and that the taxpayer meets eligibility requirements for access to such classified information. The second question raised on the floor by Senator Chambers and Senator Beutler was the

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constitutionality and equal protection clause. I have passed out a Nebraska Supreme Court ruling by the current Supreme Court. Equal protection statutes. If a statute involves an economic or social legislation not implicating a fundamental right or suspect class, courts will ask only whether a rational relationship exists between a legitimate state interest and the statutory means selected by the Legislature to accomplish that end. Upon showing that a rational relationship exists, courts will uphold the legislation. Let's break this down. If a statute involves economic or social legislation not implicating a fundamental right. What is a fundamental right? The right of speech, the right of unreasonable search and seizures, and--Senator Chambers, I included this one for you--the right for people to keep and bear arms. I thought you'd appreciate that. (Laugh) These are fundamental rights, as defined by the Bill of Rights of the United States Constitution. The next phrase we will look at is "suspect class." What is a suspect class? Generally, according to the courts, this is a group who has a common, immutable characteristic, and who has been discriminated against because of that characteristic in the past, such as race or religious persuasion. A defense contractor has never been and will never be a suspect class. A person with a security clearance has never been nor will ever be a suspect class. Since neither suspect class nor fundamental rights are implicated by this bill, the courts will only ask whether a rational relationship exists between the legitimate state interest and the statutory means selected by the Legislature to accomplish that end. Upon showing that such a rational relationship exists, courts will uphold the legislation. The court will only ask if a rational relationship exists between the legitimate economic interest and the statutory means chosen to accomplish that end. LB 475...LB 478, pardon me, easily meets this lowest level of scrutiny. The legitimate economic interests are, Offutt is the second-largest employer in the state of Nebraska, measured by the economic impact of \$2 billion annually. We need to support Offutt and the unified command they represent. There are 125 available...jobs available from 9 of the more than 30 defense contractors in eastern Nebraska. These jobs have an average salary of \$65,000. This equates to approximately \$28 million in revenue for the state of Nebraska. Lockheed Martin currently

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employees approximately 200 people. In the future, they are looking to expand this to 400 employees. LB 478 is the most measured and rational means of accomplishing the goal of retaining and enhancing this \$2 billion of economic activity in the state of Nebraska. One of the biggest threats to the unified command at Offutt is recruiting and retaining men and women with security clearances to staff the civilian jobs essential to the maintenance and the expansion of Offutt. The 55th Strategic Air Wing, STRATCOM, and Space Command, will become more and more dependent on contractors, as force structure in the military changes. Recently, it was announced by the Department of Defense and STRATCOM the need to replace uniformed military with contractors. These changes will become more evident as Congress, Department of Defense, and executive branch of government complete the BRAC--base realignment and closure--process, which was started December 31, 2003. The military is undergoing changes never before experienced in history. We must be there as a state to support them, if we wish to retain them. LB 478 is the best solution to overcome the personnel issues facing the support industries in this state. Senior officers from the largest defense contractors, and retired military, bluntly told the Revenue Committee, and any other senator who would listen, these facts. LB 478 is the most efficient method of addressing the problem. As Senator Landis mentioned in debate, it will cost \$500,000 maximum for filling the current vacant positions. When filled, this will result in approximately \$28 million in revenue. Any way you look at it, this is an exceptional deal for the state of Nebraska. I urge you to support the amendment and LB 478. Thank you.

SENATOR CUDABACK: Thank you, Senator Cornett. You've heard the opening on the Cornett amendment, AM1690 to LB 478. Open for discussion. Senator Chambers, followed by Senator Landis.

SENATOR CHAMBERS: Mr. President, members of the Legislature, I'm still opposed to this bill. This is a boondoggle. I sent you all a copy of an article about these military contractors who are evading paying their taxes. They are not the good citizens that some people try to portray them as being. Even now, there are tens of millions of dollars disappearing as a

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result of some of these so-called contractors not doing what they should have done with the money, in Iraq and in Afghanistan. Not everything is going to get through this Legislature by simply saying it's economic development and it's going to lead to a brand-new business. I can understand Senator Cornett bringing this, because it's her district. But I think enough has been given away this year. If these contractors want these people here, they can get these inflated contracts. Let them tell the government, these guys are needed. And maybe there are some women who get these jobs. I don't know. So we're going to have to get enough in this contract to overcome what they say they're going to have to pay in taxes on their pension. If somebody says they're not coming to this state because they don't want to pay taxes, let them go someplace else. This is not the state's responsibility. If this redounds to the benefit of Offutt Air Force Base, Offutt Air Force Base is a federal institution, not a state institution. If these jobs are needed to be done at Offutt, let the federal government do what needs to be done to make these jobs available. If these contractors lyingly tell us that all these people are not taking these jobs only because they have to pay some taxes on their military pension in Nebraska, the job itself must not be worth very much, it's not paying very much. You're going to get these jobs, paying these thousands and thousands of dollars in salary, but you're going to say, I won't take the job because they're going to tax my pension? Why, what kind of nonsense is that? And you all are buying it. When we look at the letters that these contractors send, you think they don't have lobbyists and lawyers and others telling them how to sucker that Nebraska Legislature, because they don't know anything, they'll accept anything you tell them? So here's somebody who, but for having to pay taxes on their pension, would come to Nebraska. I'd like to ask Senator Cornett a question.

SENATOR CUDABACK: Senator Cornett, would you respond?

SENATOR CORNETT: Yes, Senator Chambers.

SENATOR CHAMBERS: Senator Cornett, on average, if there can be such a thing stated, how much will one of these jobs pay?

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SENATOR CORNETT: Sixty-five thousand.

SENATOR CHAMBERS: So you are telling me...okay, now, how much tax will one of these pensioners pay on his or her military pension, if you can give a ballpark figure? How many dollars?

SENATOR CORNETT: Which...I mean, how much exemption will they receive? Or how much are...?

SENATOR CHAMBERS: No, right now, how much tax do they pay on their pension in Nebraska, these military people? How much is their pension taxed, if you know?

SENATOR CORNETT: It depends on what their rate of retirement is,...

SENATOR CHAMBERS: Do you...?

SENATOR CORNETT: ...what grade they retire at.

SENATOR CHAMBERS: Well, let's say at a colonel.

SENATOR CORNETT: A colonel?

SENATOR CHAMBERS: Yes.

SENATOR CORNETT: I would have to look at the numbers. But I believe they make approximately...between \$40,000 and \$50,000 on their retirement.

SENATOR CHAMBERS: And is their tax that they pay in the state of Nebraska a percentage of what they pay in federal taxes? Do they pay any federal tax on it?

SENATOR CORNETT: Yes.

SENATOR CHAMBERS: So the Nebraska tax is not the same as the federal tax.

SENATOR CUDABACK: One minute.

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SENATOR CHAMBERS: It's a percentage of the federal tax, isn't it?

SENATOR CORNETT: Yes.

SENATOR CHAMBERS: And how much would that be? What is that percentage, if you know? Because I can't tell you off the top of my head.

SENATOR CORNETT: I couldn't tell you either.

SENATOR CHAMBERS: Okay. Thank you.

SENATOR CUDABACK: Thank you, Senator Chambers. Senator Landis, followed by Senator Cornett and five others.

SENATOR LANDIS: Thank you, Senator Cudaback, members of the Legislature. The state tax used to be connected to the federal tax. And the answer that Senator Cornett gave to the answer that...question that Senator Chambers asked would have been true, up until we broke that linkage. And for many of the years that Senator Chambers has been here, that assumption would have been accurate. But it's no longer accurate. We now create our own state tax base, and it's not based on a percentage of federal income. It would...but roughly, the answer, I think, Senator question...Senator Chambers, to your question, would be this: You'd use about a...a little bit less than a 7 percent rate on \$40,000 of income. That would be the tax rate that the state would charge. It would amount in several thousands of dollars of income. And there are states that would not charge that amount of money on the same \$40,000. Scratch your head and ask yourself, why are there over 100 jobs at \$60,000-plus that are open? That's kind of hard to understand, isn't it, given what we know and given what you know about the marketplace? A \$60,000 a year job standing open? That's pretty amazing. What are the...what explanation is that, that you can think of? I'm not sure, except that these are 100 jobs in one relatively narrow area, defense contractors, 100 jobs making very, very generous sums of money, but who draw from a relatively narrow group of people, and they are retired military, because they've got these clearances. And all of a sudden, what is, I think,

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seemingly difficult to figure out--why 100 \$60,000 a year jobs are standing open--starts to make sense. And it's why the Senator Cornett bill makes sense. And the reason is, there is enough competition for the workers that fill those jobs that the workers are in a relatively strong position, and they can compare Nebraska to any number of other locations, where, in fact, they would be able to make \$3,000, \$4,000 more, \$3,000 more per year if they lived there than they lived here, that they'd be able to keep rather than pay in taxes to Nebraska. That out of the same salary, they would be able to get about 7 percent more on their rate of return by living there than here. And those places are not unpleasant places to live--Colorado, Texas, Florida. There are any...40-some states have some kind of a break for these kinds of workers. And compared to Nebraska, they're in a position to say, nah, I don't want to come. In fact, you'll find in some of the material that's passed out to you that in fact these kinds of jobs are turned down. And they were turned down because they didn't want to move here. They were a colonel, in roughly the description that Senator Chambers asked Senator Cornett. They didn't want to come. One of the reasons they didn't want to come is, if you take 40,000 or 50,000 bucks, and you take out 7 percent of it, you're talking about several thousands of dollars. And if you can do the job someplace else, because you're in a relatively small labor pool for doing a relatively highly remunerative job, you don't have to come here. And if you can't get enough people here, it's going to affect whether or not the business wants to be here. Because the business is going to need to follow the labor pool. They could spend more, it's true. I mean, the company could spend more and pay the employee more. On the other hand, if they do that, then it's more expensive to do business here than it is in about 45 other states. It becomes a tax climate problem, because it's more expensive to do business in Nebraska than it is in many other states. I side with...

SENATOR CUDABACK: One minute.

SENATOR LANDIS: ...Senator Cornett on this. It is not aimed at creating generally the pensions. It's at creating a labor pool, and, paradoxically, relatively high-paying jobs. On the other hand, that's exactly what we say we want in this state for

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economic development. We want high-paying jobs. And these are very mobile businesses, with a very mobile labor force, and they're very aware of their bottom line. It's bizarre. But understand, we're not paying people to be retired; we're paying people to work at high-paying jobs, and live in Nebraska, and pay, consequently, taxes on the jobs that they do have here, for which they make income. Understand that the way this works is, if you make...if you've got \$60,000 a year of jobs, you're going to get exemptions up to a certain amount, but then you're going to start paying on a two-for-one basis for taxed income. In other words, we're going to get taxes on \$2, while we give up taxes on \$1.

SENATOR CUDABACK: Time, Senator.

SENATOR LANDIS: We're going to get taxes on \$2, while we give up taxes on \$1. That makes sense.

SENATOR CUDABACK: Thank you, Senator Landis. (Visitors introduced.) On with discussion of the Cornett amendment. Senator Cornett.

SENATOR CORNETT: Senator Chambers, you brought up that the companies should pay more for these positions. I think Senator Landis answered that question fairly well. But I just want to make sure the body understands. A lot of these are homegrown companies in the state of Nebraska, and they're trying to compete with the larger companies, such as Lockheed Martin, Northrop Grumman. And they set their wages competitively with those companies. Those companies pay their entry-level positions pretty much the same across the country. Why they are able to fill the positions in other states when they can't fill them in Nebraska is, the other states offer tax breaks to retired military that Nebraska does not offer. This becomes a problem when you add in the fact that a lot of these states have a lot more amenities than the state of Nebraska. You say, if they don't want to move here for this amount of money, then have them leave. By having them leave, we have a large revenue source, plus a talent pool that the state of Nebraska desperately needs, leave with them. We need to attract people that are educated, that have a good work history, that are

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capable of generating revenue for the state. We need to attract their families. The spouses of the retired military usually also work and generate revenue for the state. They hold jobs as teachers, nurses. They work in our support...in our communities. Their children go to our schools, and hopefully attend our universities and then choose to remain in Nebraska. Thank you.

SENATOR CUDABACK: Thank you, Senator Cornett. Mr. Clerk, items for the record, please.

CLERK: Mr. President, at this time I have no items for the record. I do have a priority motion. Senator Hudkins would move to recess until 1:30 p.m., Mr. President.

SENATOR CUDABACK: You've heard the motion to recess until 1:30 p.m. All in favor say aye. Opposed, nay. We are recessed.

RECESS

SENATOR CUDABACK PRESIDING

SENATOR CUDABACK: Good afternoon. Welcome to the George W. Norris Legislative Chamber. Senators, the afternoon session is about to reconvene. Please record your presence. Record please, Mr. Clerk.

CLERK: I have a quorum present, Mr. President.

SENATOR CUDABACK: Thank you, Mr. Clerk. Any items for the record, Mr. Clerk?

CLERK: Mr. President, your Committee on Enrollment and Review reports they've examined and engrossed LB 28A, and find the same correctly engrossed; LB 114, LB 126A, all correctly engrossed. Reference report, referring study resolutions, Mr. President.

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And that's all that I have. (Legislative Journal page 1765-1776.)

SENATOR CUDABACK: Thank you, Mr. Clerk. Mr. Clerk, please inform the body where we were when we recessed for lunch.

CLERK: LB 478, on Select File. Senator Cornett had offered AM1690 as an amendment to the bill. (Legislative Journal page 1713.)

SENATOR CUDABACK: Thank you, Mr. Clerk. There were six lights on when we recessed. The lights remain on. We start off with Senator Kremer, followed by Senators Engel, Redfield, Chambers, Smith, Connealy, on the discussion of AM1690. Senator Kremer.

SENATOR KREMER: Thank you, Mr. President, members of the body. I'm still trying to decide what to do on this bill. And I'd like to ask Senator Cornett a few questions, I guess, to maybe clarify some things.

SENATOR CUDABACK: Senator Cornett, please.

SENATOR CORNETT: Yes, Senator Kremer.

SENATOR KREMER: I think you stated that there are about 100 or 120 jobs that are not being filled right now in this area of employment. Is that correct?

SENATOR CORNETT: That is 125 jobs, out of 9 of the 33 contractors in the state. It was 9 people that they surveyed. There's actually an...the number of open jobs is estimated to be quite a bit higher than that.

SENATOR KREMER: Okay. I'm not sure if you have this...these figures before you or not. But how many people are already employed that would be benefiting from this exemption, that will get an exemption, that are already employed, so it's not going to make any difference of attracting them?

SENATOR CORNETT: The fiscal note for the bill was based on the same number of defense contractors, 33, and the 520 retirees

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working for these businesses currently.

SENATOR KREMER: Okay. So what assurance do we have that to give this exemption will attract some more employees? I mean, maybe they don't live in Nebraska because they like mountains. Or maybe they're somewhere else. And I think, you know, we may...cost us \$500,000 which really gives the exemptions to those that are already working, so we're not gaining any...attracting them. And maybe we'll attract 10 more people out of the 100. Is there any way of knowing how many that we can attract to these positions?

SENATOR CORNETT: There's no way of knowing the exact number that we could attract. But when someone is getting ready to retire from the military, they have an exit service. And they go into the service that...this department with the military, and they break down what states offer them the best benefits for the military. And the military will pay for one move. And we had quite a bit of testimony from the contractors and the IT companies, that the biggest problem they had of recruiting and attracting people to the state was not so much the state itself, but the tax break that they could get in other states. I have testimony from Spiral Solutions. It is a Nebraska-based company, with...that was started here in Nebraska, without any incentives. But they came to the Revenue Committee, and they testified how that just...it's a small company. And two employees, for a small company, is a very important number.

SENATOR KREMER: Okay. And I see where they have talked about, they had two highly recruited individuals that didn't come. So I'm wondering how many we're going to attract. And I was thinking, like, do they have the exemption, or the benefits, in Iowa right now? And how many people...?

SENATOR CORNETT: Yes, they do. Iowa has...

SENATOR KREMER: They could just come over the border if they're there. Do we attract people from Iowa to work in Nebraska? It's not that far of a drive.

SENATOR CORNETT: They...the people that are working...there are

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not that many defense contractors in Iowa. And these people have a tendency to go where the contractors are. So I have the numbers. I would have to look for it, the number of people that retire from the military, or retired from the military last year, that relocated in Iowa. If you give me a few moments, I can locate that.

SENATOR KREMER: Oh, that's okay. I guess it was just some thoughts. And I'm still trying to make up my mind. Because I...if somebody could guarantee us that we would attract the 120 people to fill all those jobs by doing this, rather than that we're giving benefits to people that are already here working, that's...and that we're going to attract 10. But I don't think there's any way that you can know that. So we just take a chance, I guess.

SENATOR CORNETT: Well, I appreciate your consideration. And if there are any further questions, I'd be happy to answer them for you.

SENATOR KREMER: Okay. Thank you, Senator Cornett. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Kremer. Senator Engel, followed by Senator Redfield.

SENATOR ENGEL: Mr. President, members of the body, I spoke against this the other day, and I still have the same feelings. I do believe that these defense contractors, when they have a contract with the federal government, they bid it accordingly. If they need people with certain expertise, they're going to pay them accordingly. That's how they attract people themselves. I got this one letter from, I think, McCallie Associates, Inc., this morning, and I think you all did. And it says their core business is to supply expertise to the Department of Defense, primarily at Offutt Air Force Base, for numerous federal contracts. Now, if they pay those employees properly--and they talk about how many dollars...you know, about...their revenue should exceed \$12 million this year. So evidently, it's a fairly lucrative business. It always has been in the past. I'm sure it always will be in the future. The thing is, is

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this...they're supplying the people primarily at Offutt Air Force Base. So if we do not give them the...why do we have to give them this extra benefit of forgiving their income taxes? Because those defense contractors are going to locate where the business is. The business is in Omaha. It is at...or, in...at Offutt Air Force Base. So they're going to live in that area. So as far as I'm concerned, I think we're overextending ourselves by picking a small segment of our society and giving them a break, when we're not giving it to everybody else. There are lots of veterans across the state of Nebraska that have these clearances, a lot of people that have served, and we're not giving them any benefits. And again, we cannot afford that. I mentioned that the other day. So as we're picking just a particular segment of...to give them a break, to help these companies that, as far as I'm concerned, don't need the help. So therefore, I'm totally against this bill. Thank you.

SENATOR CUDABACK: Thank you, Senator Engel. Senator Redfield, on AM1690.

SENATOR REDFIELD: Thank you, Mr. President, members of the body. I am in full support of the bill, and I am in support of Senator Cornett's amendment as well. The question was raised as to the value to Nebraska if we did this. Remember, first of all, that the first \$40,000 that this employee makes at a defense contractor is fully taxable in the state of Nebraska. That's a job that is not filled now, that we hope to fill. So \$40,000, probably \$2,800 in state income taxes that are going to help our state budget. Over the \$40,000, if the average job pays \$65,000, we have an additional \$25,000 of salary which we're actually going to also collect state income taxes on. And as a benefit for that, we're going to give a break, two to one, for the military retirement. Which means, for the \$25,000 above \$40,000 that they're making, we're only going to forgive taxes on \$12,500 worth of military retirement. The question really is, is whether this is rich enough to entice retirees to come to Nebraska and work for defense contractors. That's the issue. Then remember that once you've got them here and they're paying state income taxes in Nebraska on that full \$65,000 salary, we've forgiven \$12,500 of their military retirement, but if their military retirement was \$40,000 to \$50,000, we have a net

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gain, again, in income taxes on that retirement salary. That's a salary...or, a retirement benefit that is going to another state currently. So I believe the dollars and cents tell us that this bill pays us. If in fact it's not significant enough relief, tax relief, to lure these people here, then it won't cost us that way either. But I think we should go forward and try and see if we can in fact grow this industry in Nebraska. I think the more we diversify our economy, the stronger our state will be. Thank you.

SENATOR CUDABACK: Thank you, Senator Redfield. Senator Smith, on the Cornett amendment.

SENATOR SMITH: Thank you, Mr. President and members. As we are facing this issue, and certainly, listening to Senator Redfield, whose neighborhood is in the area most affected by this policy, I guess I have to be selfish and say that I'm disappointed that my neighborhood does not also qualify. And it is hard for me to support a policy that targets such a narrow group of folks. I know, perhaps, they're probably deserving, based on their military status. But it is hard for me to say, and especially go home and say that we passed an exemption on taxes for military retirees, but here's who qualifies. And then they start to ask, well, how do you get that qualification? Well, if I want that job, do I have to move elsewhere? Or shall I just move to Wyoming, where there's no state income tax at all? So perhaps I'm being a little selfish and narrow-minded. But I think that when we look at exemptions, and for the purposes we're giving the exemption, which last I knew was for military retirees, we need to come up with a policy that is broader-based. I believe that it comes down to priorities here in the Legislature, as most cases tend to be. But let's come up with a policy, even if we have to make it smaller, make the benefits smaller, so that if we're going to start moving in a direction of a military retirement tax exemption, because we're one of only five states that does not recognize that, then let's pull it back, make it affordable, but make it broader-based, so that more folks can benefit from that, because that will include the folks in Sarpy and Douglas County, and that will include the folks in the 91 other counties as well that face very similar issues in terms of retaining residents of all incomes, not just

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those greater than \$40,000. I think it makes a lot of sense if we scale back a broader-based exemption, so that we can move forward in a direction I believe we need to move forward. But it would certainly make a lot more sense as we try to affect the bottom line of all of Nebraska. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Smith. Senator Connealy, followed by Senator Chambers.

SENATOR CONNEALY: Thank you, Mr. President, members. This is not a general benefit. It's not a...it started out that way, but it's not. And this is a narrow exemption, and it's targeted to an industry. It's something that a Legislature like Nebraska can do, that's small and reactive. And that's one of the great things about Nebraska, that we can do this. It's not as much as Senator Cornett would like. It's not as much as the veterans would like. And it's not something that's broad for everybody. But it's something we ought to do. It's targeted to an industry that's growing in Nebraska, and that could grow more, or could go away if we don't help it. I think that it's logical that we would take this also as we look at how we grow Nebraska. It's a high-value jobs that can bring very technical and expert people here to the state. I believe that this is something that's going to not cost us very much, if anything at all, and will aid an industry that I think is good for Nebraska, a clean industry that will provide great jobs. I rise in support of the Cornett amendment and the underlying bill.

SENATOR CUDABACK: Thank you, Senator Connealy. Senator Chambers.

SENATOR CHAMBERS: Mr. President, members of the Legislature, what are they talking about when they say "great jobs"? It doesn't even make jobs available for all military retirees. I must think differently from my colleagues. But here's the way I see it. And it's the example I've given. Senator Howard is a person with security clearance. Senator Synowiecki does not have security clearance. Both of them are working on computers. Both of them are performing the same kind of work. But since Senator Howard is working with material, from time to time, that is classified, and Senator Synowiecki is not, she gets a tax

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break and he doesn't? The work they're doing is substantially the same. It's not harder work. You don't require more intelligence--no pun intended. You don't require more training. This is not a proper classification. There is not a basis for making this distinction. And if there are 65 jobs like that going begging, something is wrong with the industry. It's not just because people have to pay taxes on their pension. They're double-dipping already. If they're getting so much in their pension that they'd have to pay thousands of dollars in taxes based on a 7 percent rate, and then they're going to get a job making in excess of \$40,000, why are you sympathetic to them? And contrary to what Senator...Senator Cornett (laugh)...I kept looking at Senator Howard...at what...in spite of what Senator Cornett has said, and Senator Redfield, about, these people are going to pay taxes, and their spouses work, well, firefighters' spouses work, cops' spouses work, teachers who have worked in disadvantaged areas of a city or in special education have spouses who work. Why not give these breaks to everybody doing something different? Because you're doing it for Offutt, and Senator Cornett, because it's her district. That's what this is about. This is not going to help Nebraska. It's not going to create jobs for Nebraska citizens. And it is not going to be enough to draw people to Nebraska who don't want to live here. This is not an economic development bill for the state. It's to do a favor for some contractors. And before we're through with it this afternoon, I'm going to read into the record the article that I handed out to you all about how some of these military contractors are evading their taxes. They're not good citizens. They don't have to be, because they're given all kind of benefits by people like those in this Legislature. You don't think correctly once somebody says, economic development. Everything else goes out the window. It's not enough, contrary to what Senator Cornett suggested from the bit she handed you from the syllabus of a Nebraska court case, to say that, well, it's an economic issue, so other things go out the window if you can show that there's some kind of state interest. You still cannot pass laws and say there is equal protection of the law, even when we're talking about an economic area, where similarly situated people are treated differently, when people doing the same work are treated differently. Having a security classification has nothing to do with the state of Nebraska or

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qualifications to hold work set down by this state.

SENATOR CUDABACK: One...

SENATOR CHAMBERS: That is a federal question.

SENATOR CUDABACK: One minute.

SENATOR CHAMBERS: And whether or not Offutt is going to have these contractors working for Offutt is a federal question. But all Offutt has to do is find contractors who can ensure that they have enough workers to do the job. If you had a construction company that said it was going to repair some runways, what Offutt would want to know is, do you have enough people working for you so you can carry out the contract? And if you don't, you don't get it. These military contractors are not entitled to special consideration of the kind they're getting here. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Chambers. Senator Cornett.

SENATOR CORNETT: First of all, I'd like to address some of the concerns that Senator Engel brought up. When he talked about that other states...well, he talked about that we were offering a benefit to the contractor. This is not a benefit to the contractor. Yes, they need to fill these jobs. And he said that they locate around bases. That's true. The bases have a codependent relationship with the contractor. We have not been able to fill these jobs. Due to this fact, they are deploying troops back to Colorado Springs, where Space Command came from. If we do not fill these jobs, we could lose part of our troop deployment to the state of Nebraska, which directly affects the revenue. Senator Smith keeps talking about his district. And he's...maybe he is selfish, in that he's so concerned about his district. Someone pointed out to me, rather bluntly, that I wasn't just a senator for my district; I was a senator for the state of Nebraska. The state of Nebraska includes Senator Smith's district. What is good for the state is good for Senator Smith's district. And I did not see Senator Smith offering any amendments for the military in his area. Senator

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Chambers, I...

SENATOR CUDABACK: Senator Chambers.

SENATOR CHAMBERS: All present and accounted for, sir.
(Laughter)

SENATOR CUDABACK: Thank you.

SENATOR CORNETT: I want to thank you for the points that you've brought up, where I was incorrect in language. And I hope, whether you're against the bill or not, that the language is better. Again you brought up the defense contractors, like Senator Engel, and the people that also work in jobs, like police officers, teachers. The difference is, the military and the retired military is an extremely mobile group of people. They are highly sought after. They have technological training that the average citizen and civilian does not have. Therefore, they are highly recruited by companies and corporations that deal with defense contractors. That is why this is specifically targeted. And I know that you brought up the court case that I had, and said that that only specifically addressed...or, did not meet the requirements of the case that I brought up. I have another one, a standard rule of the Nebraska Supreme Court. A legislative act can violate the Nebraska State Constitution by creating a permanently closed class. A legislative classification, in order to be valid, must be based on some reason of public policy, some substantial difference of situation or circumstance that would naturally suggest the justification or expediency of diverse legislation with respect to objects to be classified. Classification is proper if the special class has some reasonable distinction from other subjects of like or general character, which distinction bears some reasonable relation to the legitimate objectives and purpose of the legislation. The separate...the reasonable distinction would be the security clearance. The case is Big John's Billards v. Balka, if you need a copy of that. And I'd be happy to answer any questions in regards to that. Thank you.

SENATOR CUDABACK: Thank you, Senator Cornett. Were you asking Senator Chambers a question, or...okay. Thank you. (Visitors

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introduced.) Senator Chambers, on the AM1690.

SENATOR CHAMBERS: Thank you, Mr. President. Senator Cornett, I'd like to ask you a question or two.

SENATOR CUDABACK: Senator Cornett.

SENATOR CORNETT: Yes, sir.

SENATOR CHAMBERS: Senator Cornett, did I understand you to say that the case you just cited had to do with taxation, where you're talking about closed classes?

SENATOR CORNETT: No. It's...

SENATOR CHAMBERS: Oh, I'm...

SENATOR CORNETT: ...it is a legislation...a special legislation in one of two ways. It talks about special legislation.

SENATOR CHAMBERS: And what did the case deal with?

SENATOR CORNETT: I would have to look it up. It was an employment issue.

SENATOR CHAMBERS: But you told us to ask you questions, so I...that's why...

SENATOR CORNETT: Yes.

SENATOR CHAMBERS: ...I'm asking. Not to be tricky.

SENATOR CORNETT: No, no. I understand that.

SENATOR CHAMBERS: Okay. Thank you. That's all that I will ask you. I won't pursue it at this point. Mr. President, members of the Legislature, what a closed class means, that you set up circumstances which apply to an existing group of people, and no new people can come into that. This is why you could not pass a bill, and it be legal, that mentions Omaha by name, because that's a closed class. This is a law dealing with one city, and

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no other can qualify. It's why we have to pass legislation related to the classification of city. A metropolitan class city. Even though Omaha is the only one at the time, the class is open, because the requirements to become a metropolitan class city can be met, and then other metropolitan class cities will exist, and the law will apply to them equally. But if a law named Omaha, named Lincoln, they would be unconstitutional, as constituting a closed class. What we have here is a set of circumstances where similarly situated people are treated differently. Not for setting wages and hours. You're not saying, because these people do this work under these circumstances, they make so much per hour or so much salary, as opposed to somebody else. You're saying, the class of people you're dealing with are military retirees, and you're going to treat some of them differently if they get certain jobs. Now, not every job that this particular contractor has, or hires people for, deals with classified material. Two military retirees work here. One has classified clearance, or security clearance; the other doesn't. Here's where I want to ask Senator Cornett a question.

SENATOR CUDABACK: Senator Cornett, would you reply?

SENATOR CORNETT: Yes, Senator Chambers.

SENATOR CHAMBERS: Senator Cornett, under your amendment, the only thing that the employee has to do is meet eligibility requirements for access to classified information. Isn't that true?

SENATOR CORNETT: That is the language that we had to use, due to the presidential order that I read this morning.

SENATOR CHAMBERS: But the person does not have to be dealing with classified information, does he or she, under this language?

SENATOR CORNETT: Under the language, no. To be employed in the companies, yes.

SENATOR CHAMBERS: So it's not the work that's being done; it's

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strictly the eligibility to have access to classified information. And that gets you the tax break, correct?

SENATOR CORNETT: That, along with the other requirements.

SENATOR CHAMBERS: But a person could be doing...you have two people. One has the classification...

SENATOR CUDABACK: One minute.

SENATOR CHAMBERS: ...that would allow the eligibility to handle classified material; the other doesn't. Both of them could be doing a job which in fact does not require the handling of classified material. Isn't that true?

SENATOR CORNETT: That is true.

SENATOR CHAMBERS: And one would get the tax break, but the other one, who doesn't have the eligibility, wouldn't get it, even though both of them in their job are not handling classified information. Isn't that true?

SENATOR CORNETT: From what was testified to, they do not hire people without the classification for these...

SENATOR CHAMBERS: No, we're not talking about that. We're talking about what the law says and what the law allows. The hypothetical I gave could take place, couldn't it?

SENATOR CORNETT: Hypothetically, yes, sir.

SENATOR CHAMBERS: Thank you. So this does not apply to people doing something. Two similarly situated people doing exactly the same work, one will get the break, and the other wouldn't, because the one who has eligibility gets the tax break; the other one doesn't. That...

SENATOR CUDABACK: Time, Senator.

SENATOR CHAMBERS: Thank you, Mr. President.

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SENATOR CUDABACK: Thank you, Senator Chambers. Further discussion on the Cornett amendment, AM1690. Mr. Clerk.

CLERK: Senator, I assume this is an amendment to Senator Cornett's amendment?

SENATOR CHAMBERS: Yes.

CLERK: Is this how you want to characterize it? Mr. President, Senator Chambers would move to amend Senator Cornett's amendment. (FA305, Legislative Journal page 1776.)

SENATOR CUDABACK: Senator Chambers, to open on your amendment to the Cornett amendment.

SENATOR CHAMBERS: Thank you. And Mr. President and Mr. Clerk, I was in the process of discussing, and I didn't realize nobody would be speaking, so I had to put that down. Here's what my amendment would do. And it shows again that merely because language appears in an executive order signed by a President, that it makes sense or that it's correctly done. You all buy it, because the President signed it. Let's read this language as it exists: "by the taxpayer who by nature of his or her duties." "By nature." What they meant to say was "by virtue of his or her duties," not "by nature of." It's like sometimes people say, because they hear it, "in the essence of time." What they mean is "in the interest of time." What my amendment would do...and I don't care if you accept it or not, because I'm taking time. It would say, "by the taxpayer who by virtue of his or her duties." Because, it is because of that which entitles the taxpayer, based on that and other circumstances, to participate in this boondoggle. I have another version, which would, instead of striking "by nature," it would strike the word "by" and insert the words "due to the." And if you wanted that version, it would say, "by the taxpayer who due to the nature of his or her duties" must meet these eligibility requirements. But I'm going to run with the one that's up there, because I want to defeat this bill, no matter what form it's in. But I wanted this opportunity to show that simply taking language from an executive order does not mean that it says what it ought to say. I acknowledge, I could be reading it incorrectly. And

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maybe what you ought to say is "by nature of his or her duties." I don't think that's correct. If you were going to say "due to the nature of his or her duties," as I said, then you'd have something that makes grammatical sense and logical sense. But now, getting into the meat of the matter again, Mr. A and Ms. B come to get a job with this military contractor. Not everything that this contractor does, in terms of the work of its employees, involves the handling of classified information. The language that they took from the executive order does not say, handles classified information. It says, meets the eligibility requirement for access. You don't have to ever access it, just have the qualification. So if you have work being done for this contractor, Mr. A does not have the eligibility to access classified information, Ms. B does have that eligibility, neither is actually handling classified information, because under the language of this bill, they don't have to. I don't care what these contractors say about, well, we wouldn't hire anybody who wouldn't do this or that. We look at what the law authorizes, and that's how we determine if the classification is going to be valid. So you have Mr. B, no eligibility, Ms. B with eligibility, but both of them are doing work which does not require actual access. So they both work eight hours a day, they both go home, they get the same salary, \$65,000 a year. Both are military retirees. When time comes to pay taxes, Ms. B, who did not handle classified information, gets a tax break on the \$25,000 in excess of the \$40,000. Mr. A, doing the same work, does not get the tax break. That, I do not believe, would stand up to judicial scrutiny. The court did not say, in the case that Senator Cornett cited for us, that the court is not going to look at any of the factors involved in how you're going to make these distinctions. It did say that if you're dealing with an economic or social legislation, the scrutiny would not be as intense or as exacting. It didn't say there will be no scrutiny, and all the Legislature has to do is say this. The Legislature has to establish, according to standards that the court will accept, that there is a basis for treating these similarly situated people differently. I'd like to ask Senator Cornett a question.

SENATOR CUDABACK: Senator Cornett, would you respond to a question?

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SENATOR CORNETT: Yes, Senator Chambers.

SENATOR CHAMBERS: Senator Cornett, would you feel willing to say, his or her duties, this person, must meet eligibility requirements for access to classified information, and must in fact handle and deal with classified information as a part or requirement of his or her job?

SENATOR CORNETT: I would not have a problem with that language.

SENATOR CHAMBERS: Okay. Thank you. That's all I will ask you. But members of the Legislature, do you see how this would need to be tightened down? The language simply coming from an executive order is not sufficient for our purposes, in my opinion. An executive order does not serve the function of judicial scrutiny of a legislative enactment. An executive order empowers, authorizes, allows, or prohibits something from being done which the President has the authority as President to do by way of an executive order. Just like the President said that the only stem cell lines that can be used for stem cell research, if they're fetal tissue, can only be those contaminated lines that already exist. He can do that by executive order, as he did, and Congress is trying to overcome it. But if a law was in place relative to stem cell research, there would be more in the way of analysis and scrutiny than a President has to go through to just write and sign an executive order. So this language may serve the purposes that the President had in mind. And I don't know what they were. But it is not sufficient to overcome, in my opinion, the requirements of equal protection of the law for similarly situated people. I'd like to ask Senator Cornett a question.

SENATOR CUDABACK: Senator Cornett.

SENATOR CHAMBERS: Senator Cornett, do you know what this executive order was dealing with? I don't.

SENATOR CORNETT: Yes, I do. Hold on a moment. I'll get a copy of that file.

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SENATOR CHAMBERS: Okay.

SENATOR CORNETT: I knew what it was dealing with, I just wanted an exact title for it.

SENATOR CHAMBERS: Just in general. That's all I need.

SENATOR CORNETT: Oh. It's classified national security information.

SENATOR CHAMBERS: And it talks about the people who would have access to that information, based on what this language is?

SENATOR CORNETT: It is multiple pages on...

SENATOR CUDABACK: One minute.

SENATOR CHAMBERS: Well, let me ask you this. It's not talking about setting job standards, though? It's...

SENATOR CORNETT: Part of the order is. The part that we quoted is what you can and cannot say or advertise in regards to people that hold a security clearance.

SENATOR CHAMBERS: So this would be just a general statement, no matter in what context we're dealing with people with this clearance, whether it's for jobs or any other thing?

SENATOR CORNETT: This was basically Chapter 2 of this manual. And it deals with facility clearances, or companies or contractors that deal with security clearances. And it is general description of what those companies are, what a classified contract is, and what they...who they can employ, who they cannot employ, what they can say,...

SENATOR CUDABACK: Time, Senator.

SENATOR CORNETT: ...and what they cannot say in the employment.

SENATOR CHAMBERS: And that answers my question. Thank you.

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SENATOR CORNETT: Okay.

SENATOR CHAMBERS: Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Chambers. You've heard the opening on FA305, offered by Senator Chambers to the Cornett amendment, AM1690. On with discussion. Senator Landis.

SENATOR LANDIS: Thank you, Mr. Speaker, members of the Legislature. I think Senator Chambers' amendment makes perfect sense. I'm going to vote for it. But he used the time to talk about constitutionality. And it's an interesting issue. He raises some fair points. I want to give you a little bit of constitutional law with which to weigh this issue. Generally speaking, the courts take a deferential view to state legislatures about tax matters. That's the general practice. By the way, the Nebraska Supreme Court has only once handled a case on the Nebraska income tax, because people don't bring cases on the income tax, because the court at that time was challenged about the entire income tax system, from as many legal theories as could be used, when we went to an income tax. And the Supreme Court upheld our income tax right down the line. Why? Because our court does like other courts, and they defer to legislatures. Let me give you an example of that. Allied Stores of Ohio v. Bowers--this is the United States Supreme Court--stated, quote, the states have a very wide discretion in the laying of their taxes. When dealing with their proper domestic concerns and not trenching upon the prerogatives of the national government or violating to the guarantees of the federal constitution, the states have the attribute of sovereign powers in devising their fiscal systems to ensure revenue and to foster their local interests. They defer to state legislators. In Lehnhausen v. Lake Shore Auto Parts, the United States Court said, quote, the states have large leeway in making classifications and in drawing lines which, in their judgment, produce reasonable systems of taxation. Not in the court's decision, but in the state's decision, and essentially in the Legislature. When it comes to taxes on corporations and taxes on individuals, great leeway is permissible, so far as equal protection is concerned. That may be classified differently with respect to their right to receive or earned income. That's

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the United States Supreme Court speaking. Again, the court speaking in a different context. Had to do with similarly...arguably, similarly situated situations. This happened to do with Proposition 13 in California, which they rolled back property tax assessments back to 1978 levels, and limited increases in assessed values to 2 percent per year. What had happened was that some could be transferred to a new owner, in which case the assessment would be equal at the actual value. But old owners didn't have it. It meant that new owners had one level of taxation, and old owners had a different one. Something that Senator Chambers would say, hey, similarly situated, got to be a violation of the equal protection clause, and it wasn't. Why? Because the amendment to the constitution limited some...while it limited some property taxpayers' assessments to a fraction of the assessments placed on other new landowners, the evidence presented showed that some taxpayers were assessed 5 to 10 times more than others, yet the plaintiffs argued that the classification didn't make any sense, and the court said, yes, it does. Because here's what the court said. The appropriate standard of review is whether the difference in treatment between the newer and older owners rationally furthers a legitimate state interest. In general, the equal protection clause is satisfied so long as there is a plausible policy reason for the classification, a plausible policy reason for the classification. And what that means is, you don't have to capture all the wrong in the classification, and you don't have to exclude all of the evil. It has to be plausible. Now, in that case, the plausibility was in protecting the stability of neighborhoods. It allowed property taxpayers sitting side by side, some of whom were old and some of whom were young, to pay different taxes. And yet, the state system was upheld, because it had a plausible policy purpose. And the plausible policy purpose was the stability of neighborhoods. Are there highly mobile defense contractors?

SENATOR CUDABACK: One minute.

SENATOR LANDIS: Do they draw from a highly mobile body of labor? Yes. Is there a public policy desire, or a rational one, in encouraging low-cost, high-tech, low-environmental-impact, mobile businesses to come to your

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state? Yes, there is. Would it be plausible to create for them the conditions by which they would have an attractive labor force? The answer is yes. On all scores, the cases that I've cited would say, if there's a plausible policy reason, we can draw those classifications. And that's the law of the land. Senator Chambers is right when he talks about what he's talked about. But it draws itself from the kind of policy that Senator Chambers is most interested in, where there are fundamental rights and the standard goes up, or a suspect class, like race, in which case the standard goes up. This is neither of those. And the underlying general policy is, is there...

SENATOR CUDABACK: Time, Senator Landis.

SENATOR LANDIS: ...a rational...or, is there a plausible policy reason for the classification that is legit...that is related to a legitimate state interest? Growth of our economy...

SENATOR CUDABACK: Time, Senator.

SENATOR LANDIS: ...is a legitimate state interest. There's a plausible policy reason. This meets the equal protection clause,...

SENATOR CUDABACK: Time, Senator Landis.

SENATOR LANDIS: ...and this provision is constitutional.

SENATOR CUDABACK: Thank you, Senator Landis. Senator Cornett, followed by Senator Chambers.

SENATOR CORNETT: Thank you, Mr. President and members. I rise to support Senator Chambers' amendment. He has again shown that he is the master of linguistics. And it does make the amendment read more clearly. Thank you.

SENATOR CUDABACK: Thank you, Senator Cornett. Senator Chambers.

SENATOR CHAMBERS: Mr. President, makes me think of Roberta Flack's song. (Singing) Killing me softly with her song.

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Killing me softly. That's what Senator Cornett and Senator Landis are doing--killing me softly. But I shall not die. My example is Dracula. Members of the Legislature, Senator Landis has correctly stated what the law is, as articulated by the courts rendering the decisions he talked about. Senator Cornett accurately stated what the law is in the case she cited. But our inquiry does not stop there. We have to now apply the law. This is why each case is handled on its own merits, because the facts that make up the case are what determine whether or not the law that has been articulated by the court or written by the Legislature will apply to the circumstances of the case before us. So what Senator Landis wants to do is jump from an accurate articulation of what the court said the law is, to the conclusion of his, that Senator Cornett's bill and the classification established in it will fall within that law, as articulated by him. I say it does not. And those differing opinions are what constitute the basis for litigation. He is telling you that the court will say, if you take similarly situated people and treat them differently for tax purposes, that's all right. He gave you a case that dealt with old or existing taxpayers, and that dealing with new taxpayers, and they're treated differently. That can happen. You know why I wouldn't call that a violation of equal protection? Because when the Legislature will enact a bill and it deals with an area where white men did not have to have the qualification and got the job, and now they're going to put qualifications in, they say, those white men who have these jobs don't have to meet the qualifications; they are white-grandfathered in. And everybody from this point on must meet these qualifications, but these white guys who got white men's affirmative action do not have to meet those qualifications. And that has been allowed. You know, they never call it "grandmothered" in. Right, Senator Howard? Because women have never been given those benefits where they were given significant jobs for which they were not qualified, jobs which, if qualifications were imposed of a higher order, those women could not meet or would not be required to meet. So that's why they say the "grandfather" clause. Now...and that has a history. And by the way, it stems from slavery and racial segregation and discrimination in this country. So much that's in the law is based on policies of governments to discriminate against my people. Always those

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laws went one direction--hurting us. And if any benefit could be derived from it, that benefit went to white people. Now, here we have a set of circumstances, not where retirees who had retired 20 years ago are going to get this benefit, and those who just retired won't, or vice versa, those who just retired will, those who have retired won't. We're not talking about that. They could retire at...

SENATOR CUDABACK: One minute.

SENATOR CHAMBERS: ...exactly the same time. But one had this security clearance, and the other did not, and therefore, the state creates a basis for tax benefits. I don't buy that. Since Senator Landis and Senator Cornett support the bill, they're going to disagree with me. And I expect that. But I'm going to fight their bill to a standstill. It's not good policy. There have been bills that came out of the Revenue Committee which I did not thoroughly understand because I didn't take the time to go through all of the details. But I trusted the Revenue Committee on some of those things, because in those areas, they had never sunk the Bismarck, or the Titanic, or the Queen Mary, or the Andrea Dorea. But on this, where they're creating a monstrosity, I must oppose them. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Chambers. Further discussion. Senator Landis...or, I'm sorry, it just went off. Now Senator Chambers' come on. Senator Chambers, you're recognized.

SENATOR CHAMBERS: Thank you, Mr. President. Senator Landis is up to something. I got my eye on him. But since we work within a limited area, there's not too much damage he can do to what I'm trying to do. I admit--and I've said it from the beginning--I don't want this bill. I think it's very bad policy. And I think the time has come for me to begin reading this article. And it's from last year, February 12, 2004. I put in parentheses under it: I maintain files. This is why I have a lot of articles and newspapers, because different issues come before us. And I didn't know in February of last year that Senator Cornett was going to offer us this bill this year. But

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I keep information on military contractors and those others who exploit war efforts and are war profiteers. And that's what these military contractors are. And I have reams and reams of material like this. And do you know why I clip it from newspapers? So I can show what was out before the public, that I didn't have to do any special digging, it didn't require any profound historical research. But just going to the daily papers, you can find the story, the sordid story, of what these operations have done. I gave the date. It's from the Omaha World-Herald, page 1 of section D. "Some military contractors evade taxes" is the headline. Then, beneath that, the GAO says more than 27,000 contractors owed about \$3 billion in payroll taxes at the end of the 2002 fiscal year. This doesn't even go to the corruption of those that I was talking about, who overcharged, as Haliburton was doing, on the meals that they were serving the troopers, the failure to provide equipment and armament that would meet the standards they were supposed to supply and were paid for but did not do. This is a reprint from a New York Times item. More than 27,000 military contractors, or about one in nine, are evading taxes and still continuing to win new business, congressional investigators have found. The investigators also said that the government had failed to make meaningful use of its authority to collect from these delinquent companies and individuals by offsetting payments for their work. The tax cheats owed an estimated \$3 billion at the end of the 2002 fiscal year, mainly in Social Security and other payroll taxes...and Social Security is in trouble? But anyway,...that were diverted for business or personal use, instead of being forwarded to the government, actions that could bring criminal prosecution. Lesser amounts were owed in what kind of taxes? Income taxes. The finding by the General Accounting Office were in a report released Wednesday at a briefing by the Senate Permanent Subcommittee on Investigations. At a hearing before the subcommittee Thursday, GAO auditors concluded the Pentagon should have made a dent in the billions owed by collecting at least \$100 million in unpaid taxes that year. A 1997 law requires federal agencies to withhold 15 percent from payments to individuals or businesses with unpaid tax bills. Digressing, the government is bedazzled by these operations, just like you all are going to be in this Legislature. You all are the state governor...state government, suckering the taxpayers again, for

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a special, elitist group. Continuing, since 1997, the Defense Department has collected only about \$687,000.

SENATOR CUDABACK: One minute.

SENATOR CHAMBERS: Quote, the Pentagon needs to start targeting more firepower on the management side, on fraud and abuse in the system, and go after the thousands of defense contractors that routinely renege on paying their taxes, said Senator Norm Coleman, "Repelican" from Minnesota. I'll continue during my closing. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Chambers. Senator Chambers, there are no further lights on. So the Chair recog...

SENATOR CHAMBERS: Then I'll continue. Those waiting to exhale may do so now. (Exhales) You're welcome.

SENATOR CUDABACK: Are you closing, Senator?

SENATOR CHAMBERS: No, I was letting everybody exhale. I'm going to close now. Quote, why is the Department of Defense, which is among the most sophisticated purchasers of goods and services of all federal departments, continuing to do business with these companies, asked Senator Susan Collins, also a "Repelican." What's with these "Repelicans" concerned about graft and corruption and unpaid taxes by corporations? They're rare birds amongst the "Repelicans." Let me continue. The Internal Revenue Service also failed to move aggressively against contractors with unpaid taxes, the GAO concluded. In some cases, a tight budget and mounting workload prevented the tax agency from pursuing the contractors. Senator Carl Levin, "Demagogue" from Michigan, said, the missteps at the two agencies mean thousands of contractors take home taxpayer dollars but fail to pay the taxes they owe. And these...this is the category of persons you all are so eager to help. And they're going to bring great things to Nebraska. What are they going to bring, Senator Redfield? How not to pay your income taxes? How not to forward the Social Security withholding to the government? That's what they're going to bring? And Nebraska needs that? I disagree. Continuing, tax dodging hurts

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honest taxpayers, honest businesses, and our country as a whole, Carl Levin said. Because of IRS privacy strictures, no company names were divulged. Quote, they're being paid tax dollars, and they're not living up to their obligations, Coleman said of the tax evaders, some of whom have been delinquent for many years. In one case, a company providing dining, security, and custodial services to military bases owed almost \$10 million in 2002, while receiving \$3.5 million in payments from the Defense Department. The government collected only \$527,000 from the company under a tax levy that year, the investigators found. The owner borrowed nearly \$1 million from the business, using company money to buy a boat, several cars, and a home outside the United States. The business was dissolved in 2003, and its employees were transferred to a related business that continues to submit invoices and receive Defense Department payments, the GAO report said. And then it talks about there not being many government actions to try to recover. But even those are meeting stiff resistance. And it concludes: Levin said, about one-third of the 27,100 delinquent contractors have active military contracts. I'm going to fight this tooth and nail. But I'm going to help clean up the language in that presidential executive order. And not only should this Legislature hire me to comb through their statutes and get rid of some of the atrocious language, but these Presidents ought to hire me to proof-read their executive orders before they issue them. But that will never happen until you go to the end of the rainbow and find a pot of gold. Thank you, Mr. President. Thank you.

SENATOR CUDABACK: Thank you, Senator Chambers. You've heard the closing on FA305, offered by Senator Chambers to AM1690. The question before the body is, shall that amendment be adopted? All in favor of the motion vote aye; those opposed, nay. We're voting on the adoption of the Chambers amendment, FA305. Have you all voted who care to? Record please, Mr. Clerk.

CLERK: 32 ayes, 0 nays, Mr. President, on the adoption of Senator Chambers' amendment.

SENATOR CUDABACK: The amendment has been adopted. (Visitors introduced.) Mr. Clerk, motion, please.

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CLERK: Mr. President, Senator Chambers would move to amend Senator Cornett's amendment. (FA306, Legislative Journal page 1776.)

SENATOR CUDABACK: Senator Chambers, to open on your motion.

SENATOR CHAMBERS: Mr. President, while waiting for that one to be put on the gadget, let me tell you the role that I play around here, because Senator Cornett and some of our rookies were not here when some of this nefarious activity was going on. From time to time, my colleagues have decided that they should change the rules to shut me up, to shut me down. And I'd mock them and tell them the example I'd always give of Houdini. They'd wrap him, put chains around him, padlocked him, put him in a big old box, wrapped chains around that box, put that in a burlap, and with one of these large cranes, put it out over the ocean and drop it. And after enough time had passed for him to either suffocate or drown, they would pull it out of the water, bring it back over land, set it gently down. They would take off the canvas covering, they would unlock the locks that had secured the chains around the box, they would open the box, and voila, Houdini was gone. The box and the chains and the locks could not contain him. So I told them that's the way it would be with all their rule changes. They wouldn't contain me. So they had a rule change that they were working on. And I knew what they were trying to do, and I read the rule as they had...were going to amend it. I said, this doesn't even do what you're talking about doing. If you want to do what you're talking about doing, this is the way you need to amend it. Shamefaced, they had to acknowledge it, and take the amendment that I had drafted. Then I laughed at them. I said, if I'm going to help construct a jail, do you think I'm going to build a cell from which I cannot escape? You don't even know how to do what you're trying to do. But even if you do it, it won't stop me. To his credit, Senator Landis used to try to explain to them that that really wasn't going to work and achieve what they wanted, which was to shut me up. I said that to say this. I'm now dealing with a bill that I don't even like. They had these high-powered defense contractors in here talking to the committee, speaking for this bill. Why, they've got some of the

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shadiest, crookedest lawyers you can find anywhere. They have crooked lawyers' crooked lawyers, admired throughout the underworld, and help craft language. And then here I come, who don't even like the bill, who must try to help make it say what they say they're trying to do. So for those who are interested, you can turn to your gadget, and you will see what I am offering. I could say "humbly," but that's not true. I'm kind of offering it defiantly and mockingly and tauntingly. Senator Cornett, because she's new, has more sense than most of her colleagues, and she can see the value and appropriateness of an amendment, even from me, when it's offered to her bill. So here's what my language would do. There is material in her amendment that talks about a person having eligibility to be granted access to classified information. I would add this language after the word "information": and who actually handles classified information in performance of his or her duties. Then you're not talking about somebody who may have the eligibility for...to have this access, but who, in the work, does not actually do anything as far as handling the classified information. If I wanted to just take time, I could have offered motions and nonsensical amendments to just take the time. But in a previous discussion that Senator Cornett and I had, I mentioned this type of language. Without it, all the taxpayer would have to do is have eligibility to have access to classified information. That person, in the work being done, would not have to handle any classified information. I'm listening to what we are told, and what the rationale for the bill was. Until I brought up the groundskeeper example the other day, nobody supporting the bill had talked about groundskeepers or others who might work for a company that was certified to handle classified information. But nothing had said the taxpayer who's going to get the tax break would have to have that type of standing. If the bill was to bring that particular type of person with those qualifications here to do the work, there should be something in the bill that zeroes in on those kind of people. Senator Cornett, in attempting to meet that objection that I had raised, brought some language to us which would say that the individual who's going to be granted the tax boondoggle...she didn't call it a boondoggle. It didn't occur to her at the time. We'll see what she calls it next time she speaks. That person would have to have eligibility, meet

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eligibility requirements for having access to classified information. After I had pointed out that from the way the language read, you could have that eligibility but you would not have to handle classified information, which would mean two people performing the same work would be unequally treated by Nebraska tax law, one because he or she had a certain security clearance, and the other did not, the one with the clearance would get a tax break based on that alone, I asked, would she be opposed to or would she accept language that said that the person who's going to get this tax boondoggle actually must handle the classified information in performing his or her work? And she said that she didn't have a problem with that. And that's what this language would do. If you reject it, it makes me no difference. If you accept it, I think it brings the bill closer to reflecting what we've been told the purpose of the bill is. I'm surprised that some of these powerful companies, who already know how to evade the tax laws, didn't provide some language that would keep me from having to do this kind of work. Because I don't like the bill. If it was going to go, I should have let it go like it was, all messed up. But I can't do that, because for one thing, I wouldn't get to take any time. Mr. President, how much time do I have remaining?

SENATOR CUDABACK: About two minutes, Senator.

SENATOR CHAMBERS: I want to take a brief recess, but my time is still running.

SENATOR CUDABACK: Senator Chambers, about one minute, Senator. Senator Chambers.

SENATOR CHAMBERS: Mr. President, members of the Legislature, anybody who would have observed the company which I was keeping--and she just returned to her desk--would know that I couldn't care less about having one minute left on my time to speak on this opportunity, when all I have to do is punch on my light. Which, by the way, I'll do right now. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Chambers. On with discussion, Senator Landis. Senator Landis waives his time.

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Senator Chambers, you are next.

SENATOR CHAMBERS: Thank you. Mr. President, Senator Cornett did point out that there could be a problem with the word "handles." And I agree with that. When I was writing the amendment, I didn't want to put a series of words, such as, handles, works with, or whatever else, but to indicate what the sense of the amendment is. And that sense is that whoever is going to get this boondoggle must actually be dealing with this kind of material. Maybe "deals with" is...but I'm...we'll have the opportunity to work our way through with that...through that. But the thrust of the amendment she does not find objectionable. I wish that she did. Because if this amendment were not on the bill, there would be arguments I could continue to make, which, with this amendment, I cannot. And I'll level with Senator Cornett--if she were not as agreeable as she is, I would not be taking time to try to write amendments like this. I would just be taking the time. I don't think this bill constitutes good tax policy. It sets a precedent which the Legislature is not prepared to follow through on. It is not even benefiting citizens of this state. I'm sorry Senator Redfield is gone. It's benefiting people who don't want to live in Nebraska. You're bribing them. Your state is so unattractive that the offer of a \$65,000 a year job...and that's the average. That's not the minimum. Some pay more. The offer of a \$65,000-plus job is not enough to lure them to your state. They think that...and you all are running around here trying to drag them here. Senator Redfield is back. She ought to be ashamed of herself. Here she's acknowledging that Nebraska has so little to offer that, while you're dipping once out of lucrative military pension, Senator Janssen, and somebody is going to offer you a job in excess of \$65,000, and that still is not enough to bring you to Nebraska. Your state has so little to offer. And Senator Redfield is stating that on the record. So the only way to bribe them--obviously, they can't get a job anywhere else--is to give them a tax break. If they can get a job someplace else, all these other places where it's better to get the job, everything about that other location is better, why don't they go on there? Because they're not going to get a job somewhere else. They can talk all they want to about how great these people are. Senator Janssen was in the military, and

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others have been, and they know that a lot of people in the military are not expert at doing what they are supposed to be trained to do. Simply because somebody retired from the military does not mean that person is an expert or highly competent in what he or she does. Sometimes they just hung around and hung on long enough to put in that 20 years, or however long they're going to stay there, and then they give a sigh of relief when they leave, and the military gives a sigh of relief when they're gone. There's nobody standing out the gate...outside the gates of these military reserves just waiting to net all these retirees as they leave. No. There are people who will take these jobs. And if all of these jobs are going begging in Nebraska, there is something wrong with the industry. You cannot bribe people to come to this state and expect anything of value from them.

SENATOR CUDABACK: One minute.

SENATOR CHAMBERS: So this is very bad tax policy. Although I mentioned firefighters, police officers, and some teachers in certain circumstances, I would not support that either. But there could be a stronger rationale given, because these people at least live in Nebraska. At least they made their living here, their family is here, they weren't bribed to come here. But they get nothing. But these will-o'-the-wisp people, running hither, thither, and yonder, and wouldn't come to Nebraska unless you bribed them, you all are so eager to get them, and you think they're going to add something to your state, when, if they're questioned by anybody about why they came to Nebraska, they say, well, they bribed me, otherwise I wouldn't be in a sinkhole such as that.

SENATOR CUDABACK: Mr. Speaker, you're recognized.

SPEAKER BRASHEAR: Thank you, Mr. President, members of the body. There has been open and obvious and maybe even notorious consultation with regard to this bill. It's perfectly apparent that some additional drafting would benefit it, that we could address this next week. And for those reasons, I would ask, Mr. Clerk, that we proceed to the 3:00 portion of the agenda. Thank you.

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SENATOR CUDABACK: Thank you, Senator Brashear. As you just heard, we now go to General File...I'm sorry. Mr. Clerk. 3:00 p.m., motion to override the gubernatorial vetoes. LB 425. Senator Don Pederson, as Chairman of the Appropriations Committee, you're recognized to give your report to the legislative body.

SENATOR D. PEDERSON: Thank you, Mr. President, members of the Legislature. There has been circulated among you the report from the Appropriations Committee. And pursuant to Rule 6, Section 14, the Appropriations Committee has examined the Governor's line-item vetoes contained in LB 425, and the committee makes no recommendation with respect to the line-item vetoes contained in that bill. And so in other words, the committee itself is not seeking to override any of the individual items of the LB 425 or any of the line-item otherwise. So, I know that there are four motions pending, which is the right of individual senators, to bring motions to override individual line-items. And I suggest we proceed in that respect at this time.

SENATOR CUDABACK: Thank you, Chairman Peterson, for your report. Mr. Clerk, please.

CLERK: Mr. President, the first motion I have is by Senator Kruse. Senator Kruse would move that that portion of LB 425 found in Sections 123 and 126 become law notwithstanding the line-item objection of the Governor.

SENATOR CUDABACK: Senator Kruse, to open on your motion.

SENATOR KRUSE: Mr. President and members, thank you. My motion is to override the veto on the local transit systems. And I'll tell you now that I intend to withdraw this motion on closing. I also want to add that I bring this motion and this information by the consent of the Appropriations Committee. Cannot speak for them as individuals, but I am fairly confident in saying that as individuals, we are concerned about the serious lack of understanding of this fund. And the purpose of this time here is to help us all sing on the same page. This is a little-known

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fund, seriously misunderstood. And we find it extremely frustrating that we're not able to get complete consideration of it. So I've collected some information that's been distributed to you. I would say right off that there is information on here that the...that I will give, that the Governor's staff does not have. So I'm not knocking them for a veto or anything like that. And it's not because of their negligence. This is a side issue, to us and to them. And because of that, we have a serious gap in our understanding. The purpose of this act is to provide transportation for the elderly and the handicapped. The assistance we give is limited to one-half of the operating costs. And one of the charming parts of this bill, which has been with us for 30 years, is that it is nondiscriminating between urban and rural. And it seems to me sad that we have made that a bit of a contest in recent years. The major funding for this began 20 years ago. And I have examined that and...along with others. The serious problem that we have here is that during that time there has been no supervision. There's been administration of it. The checks have been written, and all of that's done in proper order. But no supervision, no review at the end of the year to see how it's being used, no study, no projections. The Legislature and the administration share in this responsibility. Until a year ago, we shared in the funding of it. But we have not assigned the administration to anybody, or the review of it, so that's the way it's been. The confusion and the misunderstanding is reflected in the veto message itself. The veto message talks about use of this for capital purposes. That is not the case. This fund cannot be used for capital purposes. It never has been. I checked with the bus systems to see how they are using it, and they can't even use it for a match on a federal fund that might have something to do with capital system. It is not capital money. They...to be fair about it, at the time of the hearing--we did have a hearing on all of this--I asked the Lincoln and Omaha, which have the city bus lines, how they are doing as a total group, as an agency. It seems to me, if we're examining what one arm of an agency is doing, it's up to us to also find out if the total group is healthy. So we asked them that question. And they responded that with the use of property tax--and by the way, if we were to give help to this, it would affect property taxes; you've heard of that one--that they are able to make it,

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but they're really having trouble matching. And that conversation was there. Again, they cannot use our funds for matching. They know that. They've said that, and we've said that. Also, all local groups, whether it's Omaha or Broken Bow, have to match what we give them. It has to be operating costs. And we had a number of stories about that, of different groups and how they try to make that match. Second, in the veto message, it implied that this money comes from road construction. Not at all. No. We fund 100 percent of the requests from the Department of Roads for road construction, not one nickel less, for road construction, for buildings construction, whatever. The veto uses the term "redirected." The vetoed money can go back and could be redirected toward construction of highways. But it could be redirected for everybody to attend a conference together someplace. It could be redirected for building use. Because we are giving them the right to redirect their funds among their cash agencies. So there...this is not road construction money, has nothing to do with it. It also, for the present time, does not increase the gas tax. There's adequate surplus in the capital construction to take care of this for some time to come. Now, if I might draw your attention to the green sheet that's been passed out. And the rest of it is kind of background for that. The purpose is in the first sentence. The program is focused on transportation for the elderly, the handicapped, and the poor. Not in the statute, but the Department of Roads has regulations that places a priority on paying for rural requests. And that needs to be explained. They have said, well, a Handi-Van obviously is for handicapped people, so let's put a priority on those. Urban bus systems are required by statute to discount their bus fare by 50 percent for those that qualify. This discount also qualifies for a subsidy, but it has not been considered. That deficit in the Omaha bus system, I learned today, is \$1.2 million for the last year, for the two pieces together, the equipment of the Handi-Vans, and the discounts. Summary. The urban, elderly, and handicapped support has been cut to less than 20 percent of what it was--I doubt anybody here knew that--while the cost of living has increased by 100 percent. And again, the rural elderly and handicapped have had modest support. But if all the claims were filed, the fund would be swamped today. There is not enough money in the funds.

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And those who say, well, the rurals are protected, no, they're not. Only by the way that it's been administered. In the statute, they are not. Everyone has a right to file. Then I have the chart there that shows the last 20 years. I've taken five-year intervals. Twenty years ago, the needs were assessed and determined to be about \$3 million. The rural use of that was \$.25 million, or about \$300,000; and urban use, \$2.5 million. Now jump down to that same...those same columns, and see what it is today. Rural use...and I've put those in quote marks, because I don't like those terms, including the use of the word "poor" up above. But I didn't create the terms. Into the rural use, it's now over \$1 million; and urban use is under \$400,000, which is divided, Lincoln and Omaha. Omaha got about \$250,000 this last year. Obviously, not meeting the needs. Obviously, unexamined. Obviously, not reviewed. The purpose of all of this is to deal with the elderly and the handicapped. The department, in administering it, has assumed that people that are in rural areas are more isolated if they're handicapped than in city areas. And that's another huge problem...

SENATOR CUDABACK: One minute.

SENATOR KRUSE: ...with this. We need to talk about. Because I can show...I've lived in Omaha and Broken Bow and Shelton and Boelus and Norfolk. I can show you persons in both Broken Bow and Omaha who are totally isolated, living alone, handicapped. When they need to get to the doctor or the hospital, they need help. The chart shows the comprehensive look at the needs. You'll see how the rural has changed. The CPI index on that first \$3 million would now be \$6 million. The needs now are well above \$6 million. And so the way that we got the \$3 million in the budget was to say, well, let's say rural is one-third of the state. Then the full three-thirds would be \$3 million. That's the way we came to that. Obviously, the \$3 million is way below the need. And if everybody applied for the funds, it would be in real trouble. I am disturbed that we would want to put off, for any length of time,...

SENATOR CUDABACK: Time, Senator.

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SENATOR KRUSE: ...the dealing with this issue. Thank you.

SENATOR CUDABACK: Open for discussion on the motion. Senator Baker.

SENATOR BAKER: Thank you, Senator Cudaback and members. I want...I don't dispute anything about Senator Kruse. The needs are out there. There's no question about it. We have lots of needs within the state of Nebraska. I do want to bring you up to date on where we are with the reauthorization of transportation funding on the federal level. The House and the Senate have both passed their versions of the reauthorization. And as I speak, I believe they're working on appointing the House-Senate conference committee members to reconcile the differences. What's interesting is that mass transit funding in this bill, whether you take the House version or the Senate version, if you average the differences between them, they're going to increase funding for mass transit to the state of Nebraska \$3.8 million next year. And that's if they would take the average of the two. I don't know where they'll end up between the \$13.9 million and the \$16.9 million, but I'm guessing someplace in the middle. So we're going...we're looking at quite a little increased funding to mass transit, state of Nebraska, which is going to help the situation that Senator Kruse has spoken about. The other issue that I want to address is, within the next three to four weeks, the Department of Roads will have a comprehensive report available on public transit needs and status within the state of Nebraska. And it's too bad it's not done now. But I'm predicting that when that's done and we see what we get the final authorization or what the final bill looks like that comes out of the House-Senate conference committee, we will have some ability to address our needs. And that would be my statement. I'd be glad to answer any questions, if there are any. Thank you.

SENATOR CUDABACK: Thank you, Senator Baker. Senator Kruse, there are no further lights on. You're recognized to close on your motion, or else...you're recognized to close.

SENATOR KRUSE: Thank you, Mr. President. I want to acknowledge Senator Baker and the Transportation Committee, which...who have

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joined us in calling for a study. Appropriations has been studying this for two years; is not a new subject. We've had a bill in two years ago to try to set it up so that we're not just funding out of General Fund or out of the administration; where it's a shared thing previous to now. Now it's totally Roads, and we've cleared it up so that it can be administered, and Transportation will join us in trying to figure out what's the best way to do that, and I greatly appreciate that. In the hearing we had many warm stories about the careful management by all three players. I don't like to call them rurals. Call them the communities and the Lincoln and Omaha. They're all stretching the dollar--16-year-old buses in Omaha, 16-year-old vans in the communities that we are living in. We recognize that they are doing some wonderful things. They're having bake sales and they got volunteers to run this and it's some very warm studies...stories about how some person who felt that she couldn't get to a doctor now can get to a doctor or go out for groceries, whatever. It's a wonderful, wonderful program. I believe that we have to start working together to serve these persons who are isolated by their handicapping condition. Mr. President, I respectfully request to withdraw the motion.

SENATOR CUDABACK: The motion to override is withdrawn. Mr. Clerk, please.

CLERK: Mr. President, the next motion I have is from Senator Stuthman. Senator Stuthman would move to override the Governor's line-item veto in Section 117 of LB 425, that section dealing with Health and Human Services, Finance, Program 502, public health aid.

SENATOR CUDABACK: Senator Stuthman, you're recognized to open on your motion, as stated by the Clerk.

SENATOR STUTHMAN: Thank you, Mr. President, members of the body. First of all, I want to thank the Appropriations Committee for all the work that they've done this year, and I really appreciate that. Also want to thank the Governor for going over, over the budget, and he has taken his authority to redline some of the different agenda items in that budget. One of them is mine. Matter of fact, two of them are mine. And

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also, I just...I'm not going to take a lot of time, because I don't think this is the time for a lot of discussion. We have discussed this, you know, at length before, but I want to refresh your memory as to the reason that I am trying to get support to override the Governor's decision to veto this. This is...this is the portion of the community health department, money from the General Fund that helps support those five federally accredited health departments. Why do I really want to help those five federally accredited health departments? Two years ago, I think it was, when we passed LB 1083, the Mental Health Reform Act, what did we really want to do with that? We wanted to try to get to community-based health...mental health services, and I'm very, very supportive of that. I think that's very, very important. But let's look at what it really takes to get people back into the communities in the mental health field, and the fact that they did close Hastings, and the fact that they are thinking about closing Norfolk. Where are these people supposed to go? They're going to go back to the communities. What does it take in the community? What does it take in the community health department to take care of these people? It takes a psychiatrist. And I'm going to give you the information from my own personal experience with my federally accredited community health department in Columbus. We have a psychiatrist hired there. We do not know how long we're going to be able to maintain and be able to afford that psychiatrist. This is the reason that I came forth and requested some money. We had hoped to get \$350,000 for each one of those community health departments. That would really have helped in what we wanted to get done and accomplish with mental health reform. But if we don't get some subsidy for that, you know, this may not be able to happen. We may never be able to close Norfolk. It will just kind of go by the wayside. In a couple years we may say we're going to have to spend some more money to expand the rooms up there in Norfolk. We don't want this to happen. I don't want this to happen. I don't want this ever to happen. I want those people to be in the communities. This is why I put forth a figure that hopefully we could get, but with the concerns of the Appropriations Committee, they did take that into consideration but they did cut it in half. I am agreeable to that half of it, and that would give each one of those five federally accredited health departments about \$175,000 a year, which will really help

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those health departments. In another aspect, what do the health departments really do? The health departments really help the uninsured people. Where would the uninsured people go if they were not helped by a community health department? They would end up in an emergency room. They would end up utilizing Medicare, Medicaid. That's what I'm concerned about. If we can work on prevention and get these people to these health departments, by having good health departments and being able to maintain our staffs in these health departments, then we're going to benefit in the long run. Because if these individuals end up in an emergency room or on Medicare, Medicaid, we're going to pay the bill and we're going to say to ourselves, you know, Medicare went up 16 percent; boy, we hate that. I do too. But we can do something now with a few dollars to try to help that situation. The thing that really concerned me was that when it came down to what they did do in the Governor's veto portion of it, they cut that in half again for the first year. So we're down to about \$85,000 for each one of the federally accredited health departments. That is what I am concerned about. You know, I would like to see that we could get back to the 50 percent of the request. I think that 50 percent is realistic. It's not a lot of dollars, it's \$875,000 a year for the two years, in consideration to what it could cost if those people ended up in the emergency rooms and we would have to pay. What I am also concerned about is, what I'm hearing is that there's a good possibility that they think, and the emphasis is, I think these health departments can get federal grants to subsidize this. That is a possibility, but let me tell you something. Our community health department in Columbus has pursued every avenue possible in any grant area and we have gotten everything possible that we think. We've hired grant writers to write grants for millions of dollars, and we've utilized all of that. We have a big staff there. That's what I am concerned about. You know, I don't think there's many more programs out there that we could access in our community health department, so I'm just really asking the Legislature, the body, you know, to support me in this, in this override of the Governor's veto. It's for the community health. And are we concerned about the community health? Are we concerned about the uninsured? That's what I am really concerned about. I think I just want to mention also the five federally accredited

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hospitals, community health centers. There's one in Lincoln that serves the people here. There are two of them in Omaha, one in Columbus, and one in Gering. So we are serving the state. It's not all in one area, so these dollars will be going out throughout the state. And I also would like to emphasize that I think if we're realistically serious about LB 1083, with the Mental Health Reform Act, this will only help supplement that, so hopefully we can get there in the future. Thank you.

SENATOR CUDABACK: Thank you, Senator Stuthman. You've heard the opening on the motion to override. Open for discussion. Senator Don Pederson, followed by Senator Thompson.

SENATOR D. PEDERSON: Thank you, Mr. President, members of the Legislature. This is a very well-intentioned effort that Senator Stuthman has made, and I'd like to explain what I'm going to do today in connection with these override motions. Is this something that's important? Yes, it is, or the committee would not have appropriated additional money for it. The Governor has determined that the amount that we devoted to this should be reduced some, reduced half the first year and a quarter of it the second year. So the Governor is obviously not mindful of the needs in this area, but is trying to reduce, some, the amount of increase that we're talking about, and that applies to subsequent programs that motions are pending on. And I would like to explain to you that, in my view, the Governor has tried very hard to achieve the goals that the Appropriations Committee set forth, and if you have a \$6 billion budget and \$8 million of that is reduced, that shows that the Governor is trying very hard to meet and achieve the needs that we are trying to accomplish. So I think we need to focus on what good has been approved by the Governor and not focus necessarily on those things that could use more money. And for that reason, I think that I would like to explain to you that I am not going to vote to override any of the motions. I am not going to vote in favor of overriding any of the motions. So with that, I'll end. Thank you.

SENATOR CUDABACK: Thank you, Senator Don Pederson. Senator Thompson, followed by Senator Chambers.

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SENATOR THOMPSON: Thank you, Mr. President, members of the body. Last week, when we were adding things into the budget, I didn't vote for any of them. You can look at the record. That probably comes as a surprise. My legislative aide was keeping track and at one...and we got through several of the motions and there were only three members of the Legislature who hadn't voted for at least one addition to come back into the budget. And I'm not saying that to puff myself up about being a conservative. I say that because I felt very, very, very strongly about what we did as an Appropriations Committee looking at these kinds of issues that always get picked off first because these are poor people. These are people who have nowhere else to go for healthcare in this state, and there are more and more and more of them. I am going to vote for two overrides. This will be one of them, and then I'm putting another one up for the centers that are dealing with the investigations for physically abused and sexually abused children. They have no lobbyist. They need us. And I'm not ashamed to stand up here, and none of you should be either, and say there are two or three little parts of this budget that you're willing to stand up here and say these are important things to do. On this particular override that Senator Stuthman is carrying, this is an amount of money that we as an Appropriations Committee couldn't come up with what really needed to be done. And just for the sake of being able to say that we didn't vote to override any of the Governor's vetoes, I'm not willing to back off what we did as a committee, and looking at this and spending weeks on this and saying this is an appropriate amount this year. And let me just give you one example. One of the health centers in Omaha I was on the board of for many years, and between last September...and I'm no longer on that board...between last September and this spring they have started turning away 1,000 people a month. That's 1,000 people who are coming in south Omaha who need help with basic healthcare needs because they don't have the capacity to serve them. This isn't going to get better. Now we want those people here in our state. We want them here to clean our houses, to serve us food, to work in our meat-packing plants. And they don't get healthcare coverage, and it's simply an injustice. Now we can't solve the whole set of healthcare problems for our country. There are huge problems with our

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healthcare system and who gets healthcare and who doesn't because of the unaffordability of health insurance by employers and by individuals. We can't solve that whole problem. But we have the revenue. You aren't going to have to raise taxes to do this. This fits in our budget. You can put this money back in and we can provide basic healthcare coverage for a lot of needy people. They are not here. They're working. These are the working poor. If they are disabled, if they have no means, they're being picked up in county programs, they're being picked up by our Medicaid program.

SENATOR BAKER PRESIDING

SENATOR BAKER: One minute.

SENATOR THOMPSON: These are poor working people, and they're mainly children and mothers. That's who we serve in these centers, and the elderly to some extent, but remember, they're covered by Medicaid and Medicare. These are the working poor and we should do what's right and we should vote to override for this small amount of money. Thank you.

SENATOR BAKER: Thank you, Senator Thompson. Senator Chambers, you're recognized to speak.

SENATOR CHAMBERS: Mr. President, members of the Legislature, I cannot improve on anything Senator Thompson said, but I do want to express support for this override motion. She is so correct in mentioning the plight of the people who would benefit from the services provided if we override. I have had so much difficulty all session with the big giveaway bills that the Governor supports, hundreds of millions of dollars ultimately, without the blink of an eye. Even our presiding officer managed to get some benefits for people who have machinery used in manufacturing. Machinery means a great deal to some people. The people who do the work in running those machines, or, as Senator Thompson pointed out, the work that some people consider menial but it is essential to the running of a society, are the ones others of us care about. These clinics are located throughout the state. All of us at some point during this session, most of us, have supported programs to help unfortunate

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and misfortunate people. I just happened to glance over there and see Senator Byars standing, and he has constantly, during all the time that I've been here and when he was here, because I was here when he was not--he's a youngster by comparison--has worked to get assistance for people who are disabled, developmentally, mentally, those that usually are so much on the fringe that they're not even thought about unless somebody brings them up specifically. But he has worked assiduously to help those groups. Senator Flood has talked about the closing of the Norfolk Regional Center. Some have talked about closing of other facilities. These clinics deal directly with people who need their help. This is, if you want to use language from an old commercial, where the rubber meets the road for the people we're interested in. Some have no place else to turn. I regret that we have to beg for a pittance to help people where there is no disagreement as to their need, and we come in here begging after just voting for a bill this morning, LB 312, and a companion bill, LB 90, giving away tens and tens of millions of dollars, and we cannot even get them to give us information about whether these companies I'm talking about provide healthcare, the type, and so forth. And all we're talking about is a pittance. I'm kind of surprised that the Chairperson of the Appropriations Committee would capitulate so quickly on the work of the committee in such a crucial area of need simply because the Governor said, well, I don't agree with you and I'm going to cut that out, and I think you did a good job.

SENATOR BAKER: One minute.

SENATOR CHAMBERS: Because he did compliment the Chairman of the Appropriations Committee. The Governor has complimented me on occasion, but it hasn't swayed me from doing what I think is right. The first thought that the committee had was the right thought. The first act that the committee placed was the right act. And we're going to let one man deter us from doing that which we should on a matter such as this. I would be deeply disappointed if the Legislature went in that direction. I believe we should override and I think that we will, but I'll listen to the debate and see what direction the body seems to be going. Thank you, Mr. President.

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SENATOR BAKER: Thank you, Senator Chambers. Senator Combs, followed by Senator Brown, Schimek, Synowiecki, Thompson, and Byars. Senator Combs.

SENATOR COMBS: Thank you, Mr. President and members of the Legislature. I really struggle with overriding the Governor on anything. I really respect Governor Heineman and he's doing a tremendous job and has shown great leadership so far, and I know that he is mapping out a plan that will not only cover the rest of this term but that will also take us into another four years, perhaps ten years. And I know that he's looking forward to what the expenditures are going to be and how much money we're going to have to do them, and it's just as difficult for him as it is for us in here. I must say, as a nurse, I look at community health centers as extremely important. I echo a lot of what Senator Stuthman has already said in terms of utilization of emergency rooms. These are the people that will be utilizing Medicaid programs. I don't know if anyone has ever bothered to look at the data from the community health centers. Tremendous how they use nurse practitioners, they use physicians, they use nurses, they use paraprofessional staff, they use PAs. They use all levels of healthcare providers to keep people out of the most expensive kinds of care settings. They also do a lot of preventive healthcare, healthcare teaching, things I do in my job at Farmland, where I have 11 different nationalities working in a meat-packing plant, and a lot of what I do is just healthcare teaching, basic things that people need to know and teaching that we do to keep them out of the healthcare setting, self-care things, things they can do to stay healthy. So I do support better and more community healthcare centers. I know, because Lincoln-Lancaster healthcare center has come and spoken at Public Health Care (sic) Solutions in Crete, they do plan eventually to put a satellite in Crete. They will not be able to do that in my district without the funding they need, not only to fund the current centers but also to expand. And this kind of service, as someone else mentioned previously, I think Senator Stuthman mentioned, they also utilize not only our dollars but they also apply for grant programs. They get federal dollars. You know, because they exist, they use other funding besides the state. They are not totally dependent on us, but we are seed money that's essential for them to use to

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keep going and to keep...they use it wisely. You know, they do not waste this money. I do want to read the words of President Bush, who recently, just a year ago, in fact a year ago today, May 25, 2004, he was speaking at Youngstown State University in Youngstown, Ohio. He was having a conversation on healthcare and community healthcare centers. This is President George Bush, and I quote: Oftentimes people go to the emergency room for nonemergency situations, parenthetically, which is very cost-inefficient. It costs the taxpayers money. The emergency room ought to be used for true emergencies, not for the primary care. So the government wisely set up what's called community health centers. These are facilities that provide primary and prenatal care, checkups, immunizations, preventive measures to anyone who needs them. In other words, this is part of a safety net. This is a wise expenditure of taxpayers' money. It relieves pressure off the emergency rooms and it provides a safety net for some of the citizens in our communities. I think it's important for us to continue to either expand existing community health centers, or build new ones. The goal I set when I first got elected was that we would expand them by 1,200, expand or build 1,200 new ones.

SENATOR BAKER: One minute.

SENATOR COMBS: We've accomplished half of that goal. I'm asking for Congress to accomplish the other half of the goal over the next couple of years, end quote; President Bush, one year ago today. These centers do help contain costs, as mentioned. It just doesn't make fiscal sense to balance this small portion of the budget on the backs of the people who can afford it the least and who are very high utilizers of very expensive forms of healthcare when this form of healthcare is not available to them. I ask the body to please consider overriding this line-item in view of the people who need the services and in view of the eventual impact that this has on the budget. Let's be farsighted and look at the Medicaid dollars that it will save by keeping this in the budget.

SENATOR BAKER: Time.

SENATOR COMBS: Thank you.

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SENATOR BAKER: Thank you, Senator Combs. Senator Brown, you're recognized to speak.

SENATOR BROWN: Mr. President, members, if I am going to vote for an override, it will be on this issue, but I'm still not sure whether I will do that. I am very committed to community health centers. One of my staff members is the president of the board for the community health center in north Omaha, which does amazing things. They are the only entity in Omaha that seems to have taken by the horns the issue of STDs in Omaha, which are out of control, especially amongst young people. And I know what they do, what quality services they provide on an absolute shoestring. I'm just going to speak...and I feel like Methuselah talking like this, but (laugh) when I was first in the Legislature--I will borrow from Lloyd Bentsen--I've seen a veto, and colleagues, this is not a veto. The first year that I was on the Appropriations Committee, the Governor vetoed out about ten times the amount of money that we're talking, percentagewise, and Senator Wehrbein and Senator Brashear put together an override package that included one of the issues that we had been strongly lobbied on to put a certain amount in the budget. And one of the lobbyists that had lobbied for this amount came and said that they didn't want to be included in the budget, in the override package. Really? You know, we had been lobbied so hard to get the amount that the Appropriations Committee had put in. Oh, no, they'd made a deal with the Governor that whatever we put in they would lobby...they would...he would get to veto out half so he could say that he vetoed the money (laugh) and so we...and so they didn't want to be part of the package. So this is...the Governor has been quite judicious, I think, in the application of the veto pen, much more so than I've seen in the past, and even though there are things like this, that I think are absolutely compelling, if it had been any bit more than what it was, then I probably would feel differently, as any bit more in the extent overall and any bit more in this particular area. We made a bold step, I think, in terms of taking some of the tobacco money to use for the community health centers, and now we're moving into putting General Fund money into it, and I think that that is absolutely the way to go. And the question really becomes how quickly do

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we do this, because the need is obviously there. And so my only thing is to understand when an administration is, I believe, really trying to work with the Legislature and trying not to just veto just so that they can say that they vetoed something; that we try as best we can to work with them and work within the context of what they've presented.

SENATOR BAKER: One minute.

SENATOR BROWN: And so I'm going to listen, because I do believe that this is the area, as I said, that I would be willing to vote on, but I also think that...think that the administration has tried to hold out an olive branch to us and I would like to be able to hold out the olive branch back. Thank you.

SENATOR BAKER: Thank you, Senator Thompson (sic). Senator Schimek, you're recognized to speak.

SENATOR SCHIMEK: Yes, thank you, Mr. President and members. Senator Brown gave me a good segue into what I wanted to say, because, when I was asked by the Governor's staff today what I was going to do about some of these veto overrides, I said I honestly didn't know. I do believe there's a feeling here in the Legislature that this Governor has worked with us, that he has been judicious, as Senator Brown said, in some of his vetoes, and so it is difficult to then come in and say that you're going to vote to override a veto. However, I have received an e-mail from here in Lincoln that reminds me about our needs here in Lincoln, and that's what I know. The Peoples Health Center here in Lincoln was built in 2003 and it was built with a great deal of community effort and community support and hospital investment. It provides health and dental services to the uninsured and underinsured, and it was...it has a diverse patient base of 55 percent Caucasian, 25 percent Hispanic, and 11 percent African-American. The Peoples Health Center treats health disparities that include high incident rates of cardiovascular, diabetes, and asthma, primarily among minority populations. Now, I want you to listen to these statistics. Since its opening, it has served more than 6,000 patients who have made more than 13,000 visits to the clinic to see the physicians and the dentists and the other medical providers;

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6,000 patients in two years. That's 3,000 a year. That's more than the population of some of the towns and some of the counties that you all are from. There is a huge need here in Lincoln. It says that nearly 50 percent of those being served are uninsured; more than half of the patients fall at or below the federal poverty guidelines, and they are currently serving 300 new patients every single month. Many of these people are working at jobs that have no health insurance. And the need has gotten so great that they're out of facility space so they're in the process of building an addition with, again, the help of the community. But what's going to happen once they get that facility built, which they need desperately? Then they're going to have to provide the physicians and the staff to provide those services. Right now it says new patients cannot schedule an appointment for eight weeks, and even follow-up appointments for established patients are three to four weeks. So the need is there. It's established. We know what it is. And I wasn't like Senator Thompson. I didn't...I don't have a clean record when it comes to voting for some of the additions...

SENATOR BAKER: One minute.

SENATOR SCHIMEK: ...to the operating budget that we approved, but I felt that they were, the ones that I did vote for, were worthy programs. And I felt that we spent some money unwisely this year and I voted against those kinds of things that I thought were going to get us in trouble lately...or later. I know that we all have to make our own judgments about this, but that's what I'm worried about. If we have this kind of need now, what are we going to have in four years or eight years down the line as we are putting more and more money into some of the programs that we established this year by statute? I'm going to vote to override this one. I don't know if I'm going to vote to override any of the others, but I can't help myself. Sorry. Thank you.

SENATOR CUDABACK PRESIDING

SENATOR CUDABACK: Thank you, Senator Schimek. On with discussion. Senator Synowiecki, followed by Senator Thompson.

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SENATOR SYNOWIECKI: Thank you, Senator Cudaback and members of the Legislature. I'm going to support Senator Stuthman's initiative here, and I actually would have supported Senator Kruse, as well. We're talking a lot here of very parallel populations of citizens here. I think there's general agreement that public transportation infrastructure is severely underfunded in our state, and particularly given LB 312 and the economic development packages that we put together this session, you know, for our less fortunate citizens to engage themselves into that economic activity, a viable and reliable public transportation system is an utmost necessity and I, quite frankly, would have supported Senator Kruse's initiative as well. You know, Senator Thompson was speaking of the One World Health Center in south Omaha and relative to some of the services they provide our citizens. The One World Health Center in Omaha is a critical healthcare component within the continuum of care within south Omaha. It's the only outlet, the only resource, available for a lot of these individual...a lot of the individuals that have any access whatsoever to preventative care. I would sure hate to think what life would be like without that center in south Omaha. I know for a fact that much of those that attend that center would be forced to wait till their illness...would have to force...forced to be wait until their illness reached a critical stage and would have to access an emergency care center at a huge, huge cost. The One World Center works collaboratively and cooperatively with other south Omaha social service agencies, and it truly is a unique fit for the working poor in the area of south Omaha and the services they provide. And, yes, capacity is a very serious issue and that's why I'm supporting Senator Stuthman's initiative here. They're turning away people, and where these folks go I don't know. I suspect they're going to our hospitals where we have costs that are much greater than the costs that we encumber when they visit these community healthcare centers. So I'll be strongly and solidly supporting Senator Stuthman here with this initiative to override this. I think the Appropriations Committee got it right the first time around and I'm going to support the committee work. And I think I would encourage members to support this initiative. I really do. This is one of them issues where I think it's in the long run, in the long term, and if you look at it globally, it truly saves our state a

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ton of money in the long run. Thank you, Senator Cudaback.

SENATOR CUDABACK: Thank you, Senator Synowiecki. Senator Thompson, followed by Senator Byars.

SENATOR THOMPSON: Thank you, Mr. President. When I began working as a board member, there was an astounding thing that was said at a meeting that just kind of stuck with me for many years, and it was, the biggest need that they had was for a podiatrist. And later on I found out the very first health center in the United States, they surveyed the entire neighborhood surrounding the center and...to find out what the key health need was and it was a podiatrist, and the reason that is so important to working poor people is because if they can't stand, they can't work. If they don't work, they don't get paid and they can't feed their families and they can't take care of their families. I just talked with Senator Combs, because I couldn't remember the way this is referred to, but it's called foot rot. And particularly for people who work in meat-packing plants, she told me a lot of people who start that work can't afford socks. Their feet get wet and disease spreads and they can't stand and they can't work. Now that's just one occupation. These are laboring people whose families depend on them being able to stand and work. Meat packing is just one of many, many occupations that these people who come to these health centers who have no health insurance need the ability to stand because they can't work if something is wrong with their feet. When you vote on this override today think about that. You know, I went down there as a suburban white woman. I had no idea. I've never been to a podiatrist. But we're talking about basic healthcare. This is just one aspect of making sure people can work. We spent more this session on any other session talking about getting jobs for people in Nebraska. Well, let's take care of the people who want to work, the poor people who have no health insurance. And this goes to a variety of their health needs, but when you hit that button, red or green, I hope you think about that poor person who wants to work, who needs the help of a podiatrist so he or she can stand. That's pretty basic. And all it is, is a small amount of money in our overall budget to get these health centers so they can take care of the people coming through their door with lots of health needs.

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They can't afford health insurance. They don't have employers that provide health insurance. We don't provide money except through our Health Care Trust Fund, and that's minority health money. And as you heard from Senator Schimek, this isn't all minority people coming there. This is everybody who's poor in the state. I hope you'll restore this funding. I don't think it will hurt the Governor's feelings that we did one thing differently from what he suggested, and I'm hoping we do two things that he didn't suggest. Let's help the working poor of the state be able to get healthcare. Thank you.

SENATOR CUDABACK: Thank you, Senator Thompson. Further discussion on the motion to override? Senator Byars.

SENATOR BYARS: Mr. President, I respectfully call the question.

SENATOR CUDABACK: The question has been called. Do I see five hands? I do see five hands. The question before the body is, shall debate cease on the Stuthman motion? All in favor vote aye; all opposed, nay. The question before the body is we're ceasing debate on the Stuthman motion, MO 61. Have you all voted who care to? Record please, Mr. Clerk.

CLERK: 29 ayes, 0 nays, Mr. President, to cease debate.

SENATOR CUDABACK: The motion was successful. Debate does cease. Senator Stuthman, you're recognized to close on your motion. Senator Stuthman.

SENATOR STUTHMAN: I request a call of the house.

SENATOR CUDABACK: There's been a request for a call of the house. All in favor of the house going under call vote aye; those opposed, nay. Record please, Mr. Clerk.

CLERK: 30 ayes, 0 nays to place the house under call, Mr. President.

SENATOR CUDABACK: The house is under call. All unauthorized personnel please leave the floor. Unexcused senators report to the Chamber. And there aren't any excused so, members, check

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in. Members, all members check in, please. Senator Cunningham, Senator Engel, Senator Brashear, Senator Kruse, Senator Chambers, and Senator Bourne. Senator, as you know, your time is running, Senator Stuthman.

SENATOR STUTHMAN: Yes, first of all I would ask for a roll call vote, and then I will...how many more have not...three have not reported?

SENATOR CUDABACK: Well, your time is running, if you...

SENATOR STUTHMAN: Yes.

SENATOR CUDABACK: Okay.

SENATOR STUTHMAN: First of all, I just want to thank all the people that have engaged in the conversation here this afternoon, and I wanted to mention one other thing, that the federally qualified health centers are ranked among the very highest of all federal programs that exist. And why is this? It is because they work and they are among the most efficient healthcare providers in the nation. And we must remember that a lot of the services in these community health centers are provided by donation of workers. Doctors take their turn, dentists take their turn working in these health centers. So that is one thing that, you know, really concerns me, that we can really, you know, have an effect on our working poor, the ones that are uninsured. They need medical assistance. They're going to get medical assistance, but we want to give it to them in the health center. So I think this...this is very important to me and I would like to ask that you consider this very strongly, that this is something with just a little bit extra that we can really help a lot of people. Because if we don't and say no to the waiting list that gets longer and longer for these community health centers, just as Senator Schimek said, you know, a waiting list of a lot, of up to 1,000, we have the same thing in Columbus, you know, if we could just help a few more all the time, I think that's very important. So I would like to ask for your support in supporting me in this override. With that, thank you.

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SENATOR CUDABACK: You've heard the closing on MO 61. Mr. Clerk, please read the motion before the body.

CLERK: Mr. President, the motion is that the veto...line-item veto of Section 117, Health and Human Services, Finance, Program 502, public health aid for community health centers, become law notwithstanding the objections of the Governor.

SENATOR CUDABACK: Senator Stuthman.

SENATOR STUTHMAN: Could I ask for reverse order, please?

SENATOR CUDABACK: You may. You've heard the motion, as stated by the Clerk. Mr. Clerk, please call the roll on the question in reverse order.

CLERK: (Roll call vote taken, Legislative Journal page 1777.) 20 ayes, 24 nays, Mr. President, on the motion to override the line-item veto.

SENATOR CUDABACK: The motion to override was not successful, and I do raise the call. Mr. Clerk, next motion.

CLERK: Mr. President, the next motion I have is by Senator Stuthman. Senator Stuthman would move that the line-item veto as contained in Section 172, Correctional Services, Program 750, county jail reimbursement for county jail reimbursement aid, that line-item veto become law notwithstanding the objections of the Governor.

SENATOR CUDABACK: Senator Stuthman, you're recognized to open on MO 62.

SENATOR STUTHMAN: Thank you, Mr. President and members of the body. I have put this motion in front of the body mainly because of the amount of support that I got when I had initially put the bill in. I had 38 in favor of this. What really is this portion of it? This is an obligation of the state which was enacted several years ago to...for property tax relief of counties in the form of jail reimbursements to counties from the state. What this realistically does is it gives the county,

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upon their claim, the amount of dollars at the rate of \$35 a day for prisoners held in a county detention center from the time that they are put in the detention center until the court hearing and when they're determined to be a prisoner of the state, that time frame. What has happened, several years ago the jail reimbursement was costing...it was anticipated to cost about \$7 million, but it was only expended about \$3.9 million, so they decided that they could spend up to the \$3.9 million for county jail reimbursement. That was in the statute, in the bill, up to that amount. This year's budget came out with \$3.5 million, in that area, not to exceed that. All I'm asking for is that we would go up to that \$3.9 million, what is in the statute as far as it can go up to that amount. I am concerned that the jail reimbursement policy is not very equitable for counties, depending upon the time that they have state prisoners in their detention centers. These dollars are given out, as claims are received by counties, by quarters. The first two quarters they get replenished, they get reimbursed almost the full amount. If a county is unfortunate to have all of their prisoners or inmates that are state prisoners in the last quarter, they won't receive anything. I think this is the portion that I would really like to emphasize on taking a look at in the future, but what I'm trying to do with my amendment in the override is to just put it up to that \$3.9 million, which it's not to exceed. It don't have to go up to the \$3.9 million. It can stay down at the \$3.5 million if they want to, but it can't exceed that; up to that. But we're just ratcheting down continually property tax relief to the community. That's what I want to emphasize--property tax relief to the counties. What do most people's concerns consist of when you're campaigning? Do something about my property tax. Here is an example where we, as a legislative body, can show by our vote whether we are concerned about property tax relief or not. If you're not concerned about property tax relief, don't support my override. But if you're concerned about property tax relief, you better take a listen and you better look at it, because your constituents are very much concerned about property tax relief. That's what I'm concerned about. This is only a little bit, \$400,000. Yes, a lot of \$400,000s add up to be a lot. And I respect the Governor for doing what he had to do and I appreciate what he's doing, but I just think if we could just go

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back up to what is in the statute and what is in the law, that it's not to exceed that \$3.9 million, I'm only asking for approximately 400 and some thousand dollars. So take that into consideration in your voting, in your discussion, as to are you concerned about property tax relief. How many ways and how many programs can we do for property tax relief? So with that, thank you.

SENATOR CUDABACK: Thank you, Senator Stuthman. You heard the motion to override. Open for discussion on MO 62. Senator Preister, followed by Senator Janssen. Senator Preister waives his opportunity. Senator Janssen. Sorry about that.

SENATOR JANSSEN: That's all right. I don't have that much to say anyway, Senator Cudaback, but thank you anyway. Senator Stuthman, you're exactly right. If there's one thing that I believe that should be overridden today, this is it. The counties stepped up to the plate and said, yes, we will help you. That's a few years ago, when things were tough. We were scratching for every dollar we could find. The counties didn't like it. The property taxpayers didn't like it. But it happened. We were all short. The last vote we took, by compassion I did vote for the override. I had said to myself this morning, if there's one thing that I am going to vote for on the overrides it is the counties helping the state with their obligation to take care of the prisoners that are in their county jails. I think it's the right thing to do. The counties have helped the state out for the past few years, and now that times are better...I realize we can't do everything. We're going to have to draw the line somewhere. The schools have stepped up and, there again, that came from property tax dollars. Public money is going to pay for these positions or these situations that we have throughout the state. Senator Stuthman, I voted for this when we were doing the appropriation bills. Thought it was the right thing to do, and I think it's the right thing now for us to support Senator Stuthman's position to override the Governor on the county reimbursement for state prisoners. Thank you. I'll give the rest of my time back to Senator Stuthman, if he would like to have it, or back to the Chair.

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SENATOR CUDABACK: Thank you, Senator Janssen. Senator Stuthman, did you wish to? Thank you, Senator Stuthman. Senator Louden, followed by Senator Schrock.

SENATOR LOUDEN: Thank you, Mr. President and members of the body. I, too, agree that it's time for the state to pay back some of their IOUs that they probably got from the counties there when times were tougher. We had some county and city funding that was cut. We cut back on the jail fees, some of those were cut, and actually now is the time to make that right. There's money being used for various different programs around, and the \$408,000 isn't something like it's going to turn the place upside down, whether or not they have to pay it. I think this is someplace that we can help on the counties with their property tax. Not all counties share equal in it, depending on when they're...when they have jail people that have to be incarcerated and when they bring them down to the state facilities. This isn't something that will necessarily all be spent. It probably will be all spent because it seems like we have more people all the time that goes through this process, but that was the idea, they would spend it up to \$3.9 million, whatever it was, in there some place, and this is what it's all about. I think when it was put on the appropriations bill, when we voted it on here the other day, it was a good idea then. It had merit or else there wouldn't have been as many people vote for it as what there was. I think this is something that we have to pay attention for. It comes a time that we have to start looking after some of our counties and some of the bills that they have to pay. Otherwise, our infrastructure will be going to pieces. Some of your western counties, your rural counties, are lacking in funding for this type of work. If they have to take expenses for jail services, there's going to be less expensive...less money to be spent on other projects. There are counties, I know of two or three counties, that at the present time don't prosecute anybody because they don't have enough money to pay for the court expenses. So there are some counties out there that it's literally lawless because there are no laws in place. Anything short of murder, why, they usually let go. So this is something we have to look after. I think we have to start paying attention where we can help our counties and go from there. So I certainly thank Senator Stuthman for

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bringing this motion forward and I certainly support his motion to override this veto. If there was any of them that I will for certain vote for, would be this one. I think this is one that is really something that needs to be done as a governmental division. Thank you.

SENATOR CUDABACK: Thank you, Senator Louden. Senator Schrock, followed by Senator Raikes.

SENATOR SCHROCK: Mr. President, members of the Legislature, ordinarily, I would vote for this because it does mean property tax relief, but I also have a belief that when we can we should sustain the Governor's vetoes. And one of the things that helps me with this is, the state's ag land values have really increased this past year. Statewide, the average was 10.9 percent. And if you look at levy limits as being an impediment to counties, the counties can levy a lot more taxes, not tax...not increase their tax rate, but their tax rate will generate a lot more funds. For example, the eastern part of the state, ag land values were up 12 percent; southeastern part of the state, ag land values were up 16.8 percent. Now I could be wrong here, but I assume that values for homeowners have gone up similarly. And so the counties are not without resources. I would like to vote for the override, Senator Stuthman, and next year if there is a bill to fully fund this I will support it, but I'm not ready to do that today. So with that, I thought you might find that information helpful.

SENATOR CUDABACK: Thank you, Senator Schrock. Senator Raikes, motion to override.

SENATOR RAIKES: Thank you, Mr. President and members of the Legislature. Keep in mind that this veto takes us back to where the Governor's...or, excuse me, where the committee made their recommendation, so this is not something less than what the committee has recommended in looking at this issue. Senator Stuthman mentioned when he brought the amendment on LB 425 that he had, I think he said, 38 votes and I was not one of those 38 votes, so you can take that into account. I think this is just simply not a very good program. Part of the difficulty he mentioned when he said it's a first come, first served basis the

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way it's set up so that you have 100 percent reimbursement for part of the year and none for the rest of the year. The second reason I don't want to fund this to any greater extent is that it doesn't seem to me it's consistent with the situation to fund this kind of a program. It's sort of made to sound like the state has an obligation to support prisoner expenses, there is a...clearly a state prisoner that the state is not paying for, and I don't think that's the case. I think once it's clear that a person goes to a state prison, then the state picks up that expense 100 percent from that time forward. What we're talking about here is if a couple of people get arrested, they spend a month in county jail, after that month one of them gets sentenced to prison at the state, the other one remains in county jail, then we're talking about the one that ended up going to the state, going back to the day they were arrested and trying to argue that they're a state prisoner at that point when they clearly weren't. At that point, it was not known. So if you want to have a county aid program, this is not the way to do it. I certainly would not...I may not have gone as far as the Appropriations Committee did on this particular program, but I certainly wouldn't go beyond it. So I am not going to support Senator Stuthman's motion. Thank you.

SENATOR CUDABACK: Thank you, Senator Raikes. Senator McDonald, motion to override.

SENATOR McDONALD: Mr. President, members of the body, I am going to vote to override the Governor's veto and the reason that I'm going to override that is...vote for the override is because if these are state prisoners, it is the state's obligation to see that that county is reimbursed for those costs. Our counties have taken cuts many, many times these last few years when we have cut aids to our counties, and every time that happens the only way they can recover those dollars is through property taxes. And there comes a time where they cannot afford additional property taxes. Gasoline and many of the things that go into producing their crops continues to go up and they're left still holding the bill, the property taxes, whether they make an income or not. So the state...it is the state's obligation to reimburse those county jails for housing state prisoners. Thank you.

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SENATOR CUDABACK: Thank you, Senator McDonald. Senator Fischer.

SENATOR FISCHER: Thank you, Mr. President and members. I support Senator Stuthman's motion. I would hazard to guess that the majority of people who are sitting in this Chamber, when they campaigned and their constituents said to them that our property taxes are too high, the majority of us sat there and nodded our heads along with them and we said, yes, we agree and we need to do something, and we better get these property taxes down. I know that's what I heard in my district, and I campaigned for over a year, every single day, and that is what I heard--property taxes are too high. Thirty-eight of us supported this when we voted for it, to add it to the budget. I would say, if you look back at the discussions at that time, what you will see is, yes, property taxes are too high in this state, local property taxpayers can't afford any more; and if the state keeps requiring counties, cities, school districts to provide certain services, to perform certain duties, then the state better step up to the plate and the state better meet its obligations in funding those. If we are going to sit in this Chamber and require things then we better be willing to fund them. Because I can tell you, as a property taxpayer, and I live in a district filled with property taxpayers that are upset on what's happening, then let's step up to the plate and fund what we are requiring counties, cities, and school districts to do. I support this amendment, this motion, and I will continue to support it. Thank you, Senator, for introducing it.

SENATOR CUDABACK: Thank you, Senator Fischer. Senator Smith, followed by Senator Hudkins.

SENATOR SMITH: Thank you, Mr. President and members. I appreciate Senator Fischer's impassioned dialogue and I want to rise to state my position that I just decided upon about three minutes ago, and that is that if we're going to have an argument of property tax relief, I hope it's meaningful. I don't think that a \$400,000 appropriation across the state, to where it's pennies, practically, per person is meaningful property tax relief. In my time in public service, whether it was at the

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local level in city government or here at the state level in the Legislature, I've wanted to cast votes that contributed to the cause that if it was property tax relief I wanted it to be meaningful. We saw a scenario just a couple of years ago where we pulled back on some state aid and allowed local property tax authority. What was the net result? Less money was spent when it did not take the form of state aid. That sent a huge message to me, and it's a message that I want to carry forward that somehow there is this mentality that state aid dollars are easier to spend. That concerns me a great deal. In these days of fiscal restraint, I want to emphasize that fact and I also want to contribute in that manner to fiscal restraint, and for that reason I must vote to sustain the veto. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Smith. Senator Hudkins, followed by Senator Stuhr.

SENATOR HUDKINS: Thank you, Mr. President and members. I will be voting to override the Governor's veto, and thank Senator Stuthman for introducing this. Senator Stuthman has been a county board member. There are others in here that have too. I have a relationship with a county board member and I understand the problems that the counties have. For the past several years, when the state has not had a lot of money, we still had to balance our budget. How did we do it? On the backs of the counties and the cities and the school districts. The Governor has chosen to reverse that process for the schools and we're very grateful for that, but the money that we're talking about, Senator Smith, is not just \$400,000. It's closer to \$4 million. That's the money that has actually been spent by counties in the care and feeding of state prisoners. Senator Schrock, you said that property values have gone up anywhere from 7 to 10 percent. Do you realize that the cost to prosecute and defend these criminals is probably higher than that? You have the prosecution costs. You have the defense costs. Isn't it amazing that these people who are being tried are being tried and defended by the same people--us, the taxpayers? This is an ongoing problem. This is a bill that has been accumulating. This is a bill that should be paid. This is not something that's a new program. This is not a new idea. This is

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something that has been going on for years and it's about time that the state owned up to its responsibility and paid back what it owes. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Hudkins. Senator Stuhr.

SENATOR STUHR: Thank you, Mr. President and members of the body. I, too, stand in support of this amendment and thank Senator Stuthman for bringing it. The reason that I am supporting this override and will probably be the only override that I will be supporting is that it is in statute. It is an obligation of the state to pay this amount, and in the lean years we have not stood up to that obligation. If we do not want to pay it then we need to take it out of statute, but it is in statute. I was reading...and all of you probably received a copy of the Midwest legislative news brochure pamphlet that they send out every quarter or so. Today, it talked about financing schools. Of the eight or nine states, Nebraska was number one in local support, which means property tax, so that just more or less solidified my reasoning for supporting this amendment. Thank you.

SENATOR CUDABACK: Thank you, Senator Stuhr. Senator Mines. Senator Mines waives his opportunity to speak. Senator Chambers.

SENATOR CHAMBERS: Mr. President and members of the Legislature, what these people with these counties are talking about is a bounty. They played a political game with a former Governor to try to get tax...property tax relief in the county, and they played with the criminal justice system and played havoc. There used to be a provision in the law that would pay sheriffs a bounty or so much for every day that they fed meals to Native Americans. So what they would do is arrest one shortly before midnight, let him out shortly after midnight, and claim money for two meals when they had expended no money, and they were cleaning up. And that was known as the Indian bounty bill and it existed until I got to the Legislature and I cleaned it out. These counties, through their county attorney and other county officials, judges, determine how many days these people are going to be locked up, and this money runs from the time a

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person is arrested until he or she winds up in the penitentiary. These counties like to run up the number of days because they can make money, and these counties are not above doing that. They are political subdivisions, creatures of the state, and they carry out certain duties that the state entrusts them with doing. They like to be counties when they can exert and assert authority and power. When time comes to assume responsibilities, here they come running to the state saying, well, you told us to do this so you pay for it. It ain't gonna be that way. It will never be that way. It was not designed to be that way. We could put, as a state, greater burdens on the counties if we chose to and they would carry out those responsibilities if they had to raise property taxes. And we could put in the law that any county officials who were derelict in carrying out these duties would be guilty of malfeasance in office, which is a felony, which includes removal from office and prosecution. So if the state wanted to be heavy-handed with these counties, it could be. I don't think this thing has a chance, but I wanted...of override. I wanted to have my voice on the record because when Senator Stuthman, whom I have a lot of respect for, was presenting this to the body to have it added as an amendment to the budget bill, I was otherwise occupied. But I have to raise my voice at this time to point out that this kind of a deal never should have gotten into the statute, but it was because the counties were trying to find a way to get around the constitution and get some property tax relief by playing with the criminal justice system and encouraging counties to be unfair to people they arrested. So I'm glad the Governor vetoed it. I'm disappointed my colleagues, in my absence, not from the...I didn't miss that day but I was not on the floor at the time that discussion was going on, had agreed with Senator Stuthman. They...you all like him; I like him. You all respect him; I respect him. But I'm not going to go along with a perversion of the system. These counties are not entitled to anything in this regard and a bill should be brought in next time, and maybe I will, to take away all of this. Then we don't even have the discussion. The Governor was right this time. He was wrong before. So I'll support what he did this time. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Chambers.

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SENATOR CHAMBERS: And thank you, Senator Stuthman, for giving me this opportunity to express my point of view.

SENATOR CUDABACK: Thank you, Senator Chambers. Senator Dwite Pedersen.

SENATOR DW. PEDERSEN: Question.

SENATOR CUDABACK: The question has been called. Do I see five hands? I do see five hands. The question before the body is, shall debate cease on the motion to override, MO 62? All in favor vote aye; opposed, nay. Voting on the motion to cease debate. Record please, Mr. Clerk.

CLERK: 30 ayes, 1 nay to cease debate, Mr. President.

SENATOR CUDABACK: The motion was successful. Debate does cease. Senator Stuthman, you're recognized to close.

SENATOR STUTHMAN: First of all, I'd like to ask for a call of the house and I want a roll call vote in regular order.

SENATOR CUDABACK: There's been a request for a call of the house. All in favor of the house going under call vote aye; those opposed vote nay. Record please, Mr. Clerk.

CLERK: 35 ayes, 1 nay to place the house under call, Mr. President.

SENATOR CUDABACK: The motion was successful. The house is under call. All unexcused members please report to the Chamber. The house is under call. Unauthorized personnel please leave the floor. Unexcused senators report to the Chamber. There aren't any unexcused, so we...or excused, rather. All members report. Senator Cunningham, Senator Combs, Senator Brown, Senator Brashear, Senator Chambers, please. Thank you. Senator Brown. Thank you. Senator Cunningham. Senator, did you wish to...you may close, if you care to.

SENATOR STUTHMAN: Thank you, Mr. President, members of the

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body. I'm going to be short in my closing. (Laughter) I just want to make a few comments. One of the things that I'm observing right now with our meth problem, and I wished we could have got support for my other override motion, but what is happening right now is with the meth problems, people are getting picked up with...on meth. They're going to the correctional facilities. What is the first thing that they want to have done when they get to a correctional facility? They want to have their teeth fixed. Who is responsible for that? The counties are responsible for that. If we could have utilized some of that community health money, which maybe we can, you know, we could have helped with that, but that's another additional expense of the counties. The thing that I want to emphasize is, this is not a restoration. In my opinion, this is an obligation that it can't exceed a certain dollar amount. I do not want to exceed that dollar amount. I just want to go up to that dollar amount. That's all I want to do. So that's what I'm asking, for your support on this override, and I want to emphasize that I did have good support when I put this on LB 425. There were 38 of you. Thank you, and I ask for your support.

SENATOR CUDABACK: Senator Stuthman, did you call for reverse order or regular order?

SENATOR STUTHMAN: Regular order.

SENATOR CUDABACK: Regular order. Mr. Clerk, please read the question before the body.

CLERK: Mr. President, the motion pending is to override the Governor's line-item veto with respect to LB 425 of Section 172, Correctional Services, Program 750, county jail reimbursement for county jail reimbursement aid.

SENATOR CUDABACK: Mr. Clerk, thank you, and please call the roll on the question before the body in regular order.

CLERK: (Roll call vote taken, Legislative Journal page 1778.) 19 ayes, 23 nays, Mr. President, on the motion.

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LB 13, 13A, 70, 227, 256, 256A, 343, 425
465, 557, 573, 693, 761, 761A

SENATOR CUDABACK: The motion to override was not successful, and I do raise the call. Mr. Clerk, next motion please, MO 63.

CLERK: Mr. President, may I read some items before that?

SENATOR CUDABACK: You may.

CLERK: Thank you. Mr. President, your Committee on Enrollment and Review reports they have examined LB 13 and recommend that same be placed on Select File; LB 13A, LB 465, LB 761, LB 761A, LB 227, LB 256, LB 256A, LB 693, LB 557, LB 573, and LB 343. Senator Smith, an amendment to LB 70 to be printed. (Legislative Journal pages 1778-1789.)

Mr. President, the next motion I have is by Senator Thompson. Senator Thompson would move that Section 102, Health and Human Services, Program 39, protection and safety of children for child advocacy centers, that provision of LB 425, become law notwithstanding the objections of the Governor.

SENATOR CUDABACK: Senator Thompson, you're recognized to open on MO 63.

SENATOR THOMPSON: Thank you, Mr. President. Members of the body, this fall I received a visit from a number of people who work with the community health...with the child advocacy centers around the state. Now, bear in mind that this is a nicer name than what these really are. What these are, are places where sexually abused children are brought. So we don't call them child...sexually abused children examination centers. We call them child advocacy centers. And the reason I worry about how this gets reported and how this is on your sheet is that you may think this is some group of people who come together who say good things on behalf of children. This is the ugly, ugly side of life, and it's things that we in the state wish didn't happen. It's the things that make us squirm when we read the stories, that give us heartache, but they're our responsibility. The people who work at these centers have no lobbyist, and that's probably why half the floor is gone now, because this is the one veto override that doesn't have a lobbyist to help. So I'm going to hope that the few of you who are still here

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listening will give me at least a benefit of a few thoughts on what I think we should do in terms of restoration of this to what the Appropriations Committee recommended. And maybe this is my fault that they got cut the way they did, because I told them, go back and figure out what you need exactly, and they came back and they figured that out. Now, I should have said, and double it, and then we would have put it in and then the Governor would have said, I'm going to cut part of it, and then he could say he voted money that was unnecessary this year, and so on, so forth. But I didn't tell them how to do it right and they didn't have the benefit of a lobbyist. But let me step back and tell you why there is a crisis at this point with these centers. A few of these formed in recent years largely through the medical community and county attorneys, and people in the community who do this work coming together and saying, we can't prosecute these cases, we can't get the evidence, we can't be effective. And I'd appreciate it if all of you would give me my opening here to speak.

SENATOR CUDABACK: Senator Thompson, what...I misunder...

SENATOR THOMPSON: Well, I'm having trouble even hearing myself think and I would just ask for the respect...

SENATOR CUDABACK: Members, members, show some respect, please, for the speaker. Thank you.

SENATOR THOMPSON: The sexual abuse centers came into being so that there would be one place that a child could be brought for a physical examination so they didn't have to sit in police stations, so they didn't have to have multiple people coming and asking them about the physical things that happened to them when they were sexually assaulted. That's what these centers are there for. When the Governor's task force looked at the problems that we had as a state with all the deaths that happened two years ago, they said these centers need to be the place where we bring everybody together through some coordination to do a better job of investigating and prosecuting child abuse in this state. Now, remember, these were the centers that were set up for sexual abuse, with medical equipment to be able to record and get the evidence. What has

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happened since we put the coordinators in these centers is that the abuse...other kinds of abuse, physical abuse, are also now being brought to these centers, which is good because all the parts of the community are there who can effectively prosecute this, and we want that prosecuted. But these centers aren't capable of being able to take all those cases that are now presenting themselves. So, as an Appropriations Committee, we made this a very high priority. I was, quite frankly, very, very proud of the committee for saying we need to step in to an area that has no one out there fighting for it except us. We are it. Now, they came back and told us exactly what they needed to be able to serve all of the state. Now the area I live in, it was a collaborative effort of people in my community to put the first one together in the Omaha area, but not all of you have this available to you. And they...these centers want to make sure that every part of the state, every county, has the ability to take the kids from, instead of sitting in their sheriff's office and the police stations, to these centers for a gentler, more appropriate way to question them when they have been physically abused. And all I ask is that you consider doing what the Appropriations Committee recommended that these centers needed to be able to serve the numbers that are coming to their door these days that they can't serve, and to make sure that this is statewide and we have some consistency. That's important. That's important. And there's no one else other than you to help these kids get through this trauma. So I ask you to put this back in the budget. We haven't put anything back in. It won't hurt the Governor's reputation as a budget cutter. I don't think he'll have any problem. I don't think he'll have any problem personally, politically, governmentally with doing the right thing for kids who have been physically and sexually abused. Let's do the right thing and put this money back in the budget.

SENATOR CUDABACK: Thank you, Senator Thompson. You've heard the opening on MO 63 by Senator Thompson. Open for discussion. Senator Howard.

SENATOR HOWARD: Thank you, Mr. President, members of the body. I thank Senator Thompson for bringing this override motion in, and I think it would be of assistance if I could give some

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information regarding the children who are served. Now this is the annual report from Project Harmony. This is in Omaha. This is the relationship of the alleged perpetrator to the child: family friend, acquaintance, 151 children; father, 145 children; another family member, 132 children; the parent's boyfriend/girlfriend, 48 children; unknown, unidentifiable, 95; both parents, 14; stepfather, 48 children; mother, 31; childcare provider, 13; stepmother, 3; stranger, 2; and foster parent, yes, foster parent, 7. This totals 689 children in one year, in one city in Nebraska. And I ask you: If this program is cut or not funded or underfunded, who should be turned away? Should it be this toddler, the toddler with the bruise marks on his body? Should it be the preschooler with the burns? Should it be the girl in fifth grade? And think back to when you were in fifth grade, the girl that was in your class, the girl that never volunteered, the girl whose stepfather took her to bed, and think, who would you turn down? Thank you, Senator Thompson. I urge you to support Senator Thompson's override veto. Thank you.

SENATOR CUDABACK: Thank you, Senator Howard. Further discussion of the Thompson motion. Senator Thompson, there are no lights on. Senator Thompson waives...Senator Thompson, did you...

SENATOR THOMPSON: I would...I'd call the house and ask for a roll call vote, please.

SENATOR CUDABACK: There has been a request for a call of the house. All in favor of the house going under call vote aye; those opposed vote nay. Record please, Mr. Clerk.

CLERK: 21 ayes, 0 nays, Mr. President, to place the house under call.

SENATOR CUDABACK: Motion was successful. The house is under call. All unexcused senators please report to the Chamber. Unauthorized personnel please leave the floor. The house is under call. There has been a request for a roll call vote when we get to that point. Senators Pahls, Heidemann, Langemeier, Flood. Senators Johnson, Price, Burling, and...here comes

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Senator Foley now. Senator Kruse. Senator Thompson, for what purpose do you...

SENATOR THOMPSON: Can I reverse my decision to waive closing?

SENATOR CUDABACK: Your time is still running, Senator.

SENATOR THOMPSON: Okay, thank you.

SENATOR CUDABACK: About 2.5 minutes.

SENATOR THOMPSON: What this...thank you very much. This veto override is for money for centers that medically examine children who have been sexually abused and physically abused. They are centers that last year, we asked that a coordinator be placed in to help coordinate the prosecution of the investigation of their assault on their bodies, and in some cases, it will be their spirits, as time goes on. Anyway, they are taken there. It's one place that is less sterile and scary than being in a police station or a sheriff's office, to be examined for this kind of an assault. What has happened since we put the coordinators there is that in addition to sexual assault cases, which these centers are set up for, with medical personnel, physical assault cases are being brought there, and they are not set up to be able to take the high numbers that have started coming in, in the last year since we made that decision. I asked them to come forward when they told me about their problem, with the exact amount they needed. They didn't have a lobbyist. They came in with the exact amount, and the Appropriations Committee gave them the exact amount. They need this money to serve these children who have been physically and sexually assaulted in our communities.

SENATOR CUDABACK: One minute.

SENATOR THOMPSON: And we need this statewide. They can do it statewide at these centers. They can't do it now, and they can't do it without this money. The kids are going to be...are hurt, they are hurting. They deserve our support. You're the ones who speak for them. There is no one else. So you can leave it the way it is, and have those children turned away, or

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you can solve the problem this year, right now, by overriding the Governor on this. I don't think the Governor will be offended. It would be the only thing that would be overridden, and I don't think that's a huge problem for us as a state, to put this money in to do this right, to be able to prosecute and to save them from the additional trauma of an examination in some other setting, other than the settings that we've created that are less offensive and more effective to be able to get the information for prosecution. Thank you.

SENATOR CUDABACK: Thank you, Senator Thompson. You've heard the closing on MO 63. There's been a request for a roll call vote. Mr. Clerk, please call...please read the question before the body.

CLERK: Senator Thompson has moved to override the portion of LB 425, Section 102, Health and Human Services, Program 39, protection and safety of children for child advocacy centers. She has moved that that provision become law notwithstanding the objections of the Governor.

SENATOR CUDABACK: Thank you, Mr. Clerk. Please call the roll on the question.

CLERK: (Roll call vote taken, Legislative Journal pages 1790.) 16 ayes, 15 nays, Mr. President, on the motion.

SENATOR CUDABACK: The motion was not successful, has not been overrode. I do raise the call on the question. We now...Mr. Clerk, any items for the record?

CLERK: I have nothing at this time, Mr. President.

SENATOR CUDABACK: We now go on to the next agenda item, Final Reading. Members, please take your seats. The first vote would be, as you know, to suspend the at-large reading, as noted. Mr. Clerk, LB 66. The first vote would be to suspend the at-large reading. All in favor vote aye; those opposed vote nay. Voting to suspend the at-large reading. Have you all voted? Record please, Mr. Clerk.

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ASSISTANT CLERK: 31 ayes, 3 nays on the dispensing with the at-large reading, Mr. President.

SENATOR CUDABACK: The at-large reading is dispensed with. Clerk, please read the title.

ASSISTANT CLERK: (Read title of LB 66.)

SENATOR CUDABACK: All provisions of law relative to procedure having been complied with, the question is, shall LB 66 pass? All in favor vote aye; those opposed vote nay. Record please, Mr. Clerk.

ASSISTANT CLERK: (Record vote read, Legislative Journal page 1791.) The vote is 47 ayes, 0 nays, 1 present and not voting, 1 excused and not voting, Mr. President.

SENATOR CUDABACK: LB 66 passes. Mr. Clerk, LB 66A.

ASSISTANT CLERK: (Read LB 66A on Final Reading.)

SENATOR CUDABACK: All provisions of law relative to procedure having been complied with, the question is, shall LB 66A pass? All in favor vote aye; opposed vote nay. Have you all voted who care to? Record please, Mr. Clerk.

ASSISTANT CLERK: (Record vote read, Legislative Journal pages 1791-1792.) The vote is 45 ayes, 0 nays, 3 present and not voting, 1 excused and not voting, Mr. President.

SENATOR CUDABACK: LB 66A passes. Mr. Clerk, LB 111.

ASSISTANT CLERK: (Read LB 111 on Final Reading.)

SENATOR CUDABACK: All provision of law relative to procedure having been complied with, the question is, shall LB 111 pass? All in favor vote aye; opposed, nay. Have you all voted on the question who care to? Record please, Mr. Clerk.

ASSISTANT CLERK: (Record vote read, Legislative Journal page 1792.) The vote is 47 ayes, 0 nays, 1 present and not

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voting, 1 excused and not voting, Mr. President.

SENATOR CUDABACK: LB 111 passes. Mr. Clerk, LB 111A.

ASSISTANT CLERK: (Read LB 111A on Final Reading.)

SENATOR CUDABACK: All provisions of law relative to procedure having been complied with, the question is, shall LB 111A pass? All in favor vote aye; those opposed vote nay. Have you all voted who care to? Have you all voted? Everyone has voted. Record please, Mr. Clerk.

ASSISTANT CLERK: (Record vote read, Legislative Journal page 1793.) The vote is 48 ayes, 0 nays, 1 excused and not voting.

SENATOR CUDABACK: LB 111A passes. Mr. Clerk, LB 117. The first vote will be to vote to suspend the at-large reading. All in favor of dispensing with the at-large reading vote aye; those opposed, nay. Record please, Mr. Clerk.

ASSISTANT CLERK: 40 ayes, 3 nays on the motion to dispense with the reading, Mr. President.

SENATOR CUDABACK: The motion was successful. The at-large reading has been dispensed with. Mr. Clerk, please read the title of LB 117.

ASSISTANT CLERK: (Read title of LB 117.)

SENATOR CUDABACK: All provisions of law relative to procedure having been complied with, the question is, shall LB 117 pass? All in favor of the motion vote aye; those opposed to the motion vote nay. Record please, Mr. Clerk.

ASSISTANT CLERK: (Record vote read, Legislative Journal page 1794.) The vote is 44 ayes, 2 nays, 2 present and not voting, 1 excused and not voting, Mr. President.

SENATOR CUDABACK: LB 117 passes. Mr. Clerk, LB 206E.

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LB 206, 334, 364

ASSISTANT CLERK: (Read LB 206 on Final Reading.)

SENATOR CUDABACK: All provisions of law relative to procedure having been complied with, the question is, shall LB 206E pass with the emergency clause attached? All in favor vote aye; those opposed, nay. All present members have voted. Mr. Clerk, please record.

ASSISTANT CLERK: (Record vote read, Legislative Journal pages 1794-1795.) The vote is 48 ayes, 0 nays, 1 excused and not voting, Mr. President.

SENATOR CUDABACK: LB 206E passes with the emergency clause attached. Mr. Clerk, LB 334.

ASSISTANT CLERK: (Read LB 334 on Final Reading.)

SENATOR CUDABACK: All provisions of law relative to procedure having been complied with, the question is, shall LB 334 pass? All in favor of the motion vote aye; those opposed to the motion vote nay. Have you all voted on the question who care to? Record please, Mr. Clerk.

ASSISTANT CLERK: (Record vote read, Legislative Journal pages 1795-1796.) The vote is 45 ayes, 0 nays, 3 present and not voting, 1 excused and not voting, Mr. President.

SENATOR CUDABACK: LB 334 passes. Mr. Clerk, LB 364E. The first vote will be to dispense with the at-large reading. All in favor vote aye; those opposed, nay. Record please, Mr. Clerk.

ASSISTANT CLERK: 37 ayes, 4 nays, to dispense with the at-large reading, Mr. President.

SENATOR CUDABACK: The at-large reading is dispensed with. Mr. Clerk, please read the title of LB 364E.

ASSISTANT CLERK: (Read title of LB 364.)

SENATOR CUDABACK: All provisions of law relative to procedure

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LB 364, 499, 546A, 546

having been complied with, the question is, shall LB 364E pass with the emergency clause attached? All in favor of the question vote aye; those opposed to the question vote nay. Record please, Mr. Clerk.

ASSISTANT CLERK: (Record vote read, Legislative Journal pages 1796-1797.) The vote is 48 ayes, 0 nays, 1 excused and not voting.

SENATOR CUDABACK: LB 364E passes with emergency clause attached. Mr. Clerk, LB 499E.

ASSISTANT CLERK: (Read LB 499 on Final Reading.)

SENATOR CUDABACK: All provisions of law relative to procedure having been complied with, the question is, shall LB 499E pass with the emergency clause attached? All in favor of the motion vote aye; those opposed, nay. Have you all voted on the question who care to? Record please, Mr. Clerk.

ASSISTANT CLERK: (Record vote read, Legislative Journal pages 1797-1798.) The vote is 45 ayes, 0 nays, 3 present and not voting, 1 excused and not voting, Mr. President.

SENATOR CUDABACK: LB 499E passes with the emergency clause attached. Mr. Clerk, LB 546.

ASSISTANT CLERK: (Read LB 546 on Final Reading.)

SENATOR CUDABACK: All provisions of law relative to procedure having been complied with, the question is, shall LB 546 pass? All in favor vote aye; all those opposed vote nay. Have you all voted on the question who care to? Record please, Mr. Clerk.

ASSISTANT CLERK: (Record vote read, Legislative Journal page 1798.) The vote is 44 ayes, 0 nays, 4 present and not voting, 1 excused and not voting, Mr. President.

SENATOR CUDABACK: LB 546 passes. Mr. Clerk, LB 546A, when you get time.

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LB 546A, 566, 664

ASSISTANT CLERK: (Read LB 546A on Final Reading.)

SENATOR CUDABACK: All provisions of law relative to procedure having been complied with, the question is, shall LB 546A pass? All in favor vote aye; all opposed vote nay. Have you all voted on the question who care to? Record please, Mr. Clerk.

ASSISTANT CLERK: (Record vote read, Legislative Journal page 1799.) The vote is 42 ayes, 0 nays, 6 present and not voting, 1 excused and not voting, Mr. President.

SENATOR CUDABACK: LB 546A passes. Mr. Clerk, LB 566. The first vote will be to dispense with the at-large reading. All in favor of the question vote aye; those opposed, nay. Record please, Mr. Clerk.

ASSISTANT CLERK: 36 ayes, 3 nays to dispense with the at-large reading, Mr. President.

SENATOR CUDABACK: The at-large reading is dispensed with. Mr. Clerk, please read the title of LB 566.

ASSISTANT CLERK: (Read title of LB 566.)

SENATOR CUDABACK: All provisions of law relative to procedure having been complied with, the question is, shall LB 566 pass? All in favor vote aye; all those opposed vote nay. Record please, Mr. Clerk.

ASSISTANT CLERK: (Record vote read, Legislative Journal page 1800.) The vote is 48 ayes, 0 nays, 1 excused and not voting, Mr. President.

SENATOR CUDABACK: LB 566 passes. Mr. Clerk, LB 664E. Madam Clerk.

ASSISTANT CLERK: (Read LB 664 on Final Reading.)

SENATOR CUDABACK: All provisions of law relative to procedure having been complied with, the question is, shall LB 664E pass with the emergency clause attached? All in favor vote aye; all

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LB 664, 664A, 683A, 683

those opposed vote nay. Doctor, please. Record please, Madam Clerk.

ASSISTANT CLERK: (Record vote read, Legislative Journal pages 1800-1801.) The vote is 48 ayes, 0 nays, 1 excused and not voting, Mr. President.

SENATOR CUDABACK: LB 664E passes with the emergency clause attached. Madam Clerk, LB 664AE.

ASSISTANT CLERK: (Read LB 664A on Final Reading.)

SENATOR CUDABACK: All provisions of law relative to procedure having been complied with, the question is, shall LB 664AE pass with emergency clause attached? All in favor vote aye; those opposed vote nay. Have you all voted who care to? Record please, Madam Clerk.

ASSISTANT CLERK: (Record vote read, Legislative Journal pages 1801-1802.) The vote is 48 ayes, 0 nays, 1 excused and not voting, Mr. President.

SENATOR CUDABACK: LB 664AE passes with emergency clause attached. Madam Clerk, LB 683.

ASSISTANT CLERK: (Read LB 683 on Final Reading.)

SENATOR CUDABACK: All provisions of law relative to procedure having been complied with, the question is, shall LB 683 pass? All in favor of the motion vote aye; those opposed vote nay. Have you all voted who care to? Record please, Madam Clerk.

ASSISTANT CLERK: (Record vote read, Legislative Journal page 1802.) The vote is 38 ayes, 5 nays, 5 present and not voting, 1 excused and not voting, Mr. President.

SENATOR CUDABACK: LB 683 passes. Madam Clerk, LB 683AE.

ASSISTANT CLERK: (Read LB 683A on Final Reading.)

SENATOR CUDABACK: All provisions of law relative to procedure

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LB 683A, 689, 689A, 753

having been complied with, the question is, shall LB 683AE pass with emergency clause attached? All in favor vote aye; opposed vote nay. Have you all voted on the question who care to? Record please, Madam Clerk.

ASSISTANT CLERK: (Record vote read, Legislative Journal page 1803.) The vote is 37 ayes, 5 nays, 6 present and not voting, 1 excused and not voting, Mr. President.

SENATOR CUDABACK: LB 683AE passes with emergency clause attached. We'll now go to LB 689E.

ASSISTANT CLERK: (Read LB 689 on Final Reading.)

SENATOR CUDABACK: All provisions of law relative to procedure having been complied with, the question is, shall LB 689E pass with emergency clause attached? All in favor vote aye; those opposed, nay. Have you all voted on the question who wish to? Record please, Madam Clerk.

ASSISTANT CLERK: (Record vote read, Legislative Journal pages 1803-1804.) The vote is 48 ayes, 0 nays, 1 excused and not voting, Mr. President.

SENATOR CUDABACK: LB 689E passes with emergency clause attached. We'll now go to LB 689AE.

ASSISTANT CLERK: (Read LB 689A on Final Reading.)

SENATOR CUDABACK: All provisions of law relative to procedure having been complied with, the question is, shall LB 689AE pass with the emergency clause attached? All in favor of the motion vote aye; those opposed to the motion vote nay. Have you all voted who care to? Record please, Madam Clerk.

ASSISTANT CLERK: (Record vote read, Legislative Journal page 1804.) The vote is 48 ayes, 0 nays, 1 excused and not voting, Mr. President.

SENATOR CUDABACK: LB 689AE passes with the emergency clause attached. Madam Clerk, final bill on Final Reading, LB 753E.

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LB 66, 66A, 111, 111A, 117, 206, 334, 364
425, 499, 546, 546A, 566, 645, 664, 664A, 683
683A, 689, 689A, 753

ASSISTANT CLERK: (Read LB 753 on Final Reading.)

SENATOR CUDABACK: All provisions of law relative to procedure having been complied with, the question is, shall LB 753E pass with the emergency clause attached? All in favor of the motion vote aye; all opposed to the motion vote nay. Have you all voted who care to? When you get there, record please, Madam Clerk.

ASSISTANT CLERK: (Record vote read, Legislative Journal page 1805.) The vote is 47 ayes, 0 nays, 1 present and not voting, 1 excused and not voting, Mr. President.

SENATOR CUDABACK: LB 753E passes with emergency clause attached.

SPEAKER BRASHEAR PRESIDING

SPEAKER BRASHEAR: Members, while the Legislature is in session and capable of transacting business, I propose to sign and do hereby sign the following legislative bills: LB 66, LB 66A, LB 111, LB 111A, LB 117, LB 206E, LB 334, LB 364E, LB 499E, LB 546, LB 546A, LB 566, LB 664E, LB 664AE, LB 683, LB 683AE, LB 689E, LB 689AE, and LB 753E. Mr. Clerk.

CLERK: Mr. President, two items. One, a communication from the Clerk to the Secretary of State regarding the transmittal of LB 425, and an amendment to be printed to LB 645. (Legislative Journal page 1806.)

Mr. Speaker, I have a priority motion. Senator Fischer would move to adjourn until Thursday morning, May 26, at 9:00 a.m.

SPEAKER BRASHEAR: Thank you, Mr. Clerk. You've heard the motion to adjourn. All those in favor signify by saying aye. Those opposed, nay. We are adjourned.

Proofed by: AEG